

Maclean's

THE NEW
CAPITAL
SENSATION

AN ANGRY RACIAL BACKLASH

—
Canada's
Ethnic Mosaic
Under Attack

—
The Rise
Of Third World
Immigration

Immigration Minister
Barbara McDougall



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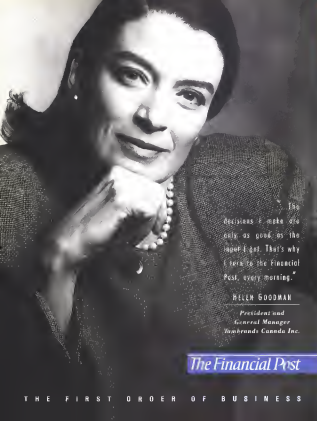
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THE FIRST ORDER OF BUSINESS

Maclean's

CANADA'S WEEKLY NEWSMAGAZINE JULY 18, 1989 VOL. 103 NO. 28

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COVER

A RACIAL BACKLASH

Demographers say that the country needs more than 250,000 immigrants a year if the economy is to grow. But, as the color of the majority of new arrivals changes from white to yellow and black, polls record that Canadians are becoming increasingly intolerant of ethnic diversity. And as signs of racism multiply, support for the national ideal of a cultural mosaic is slipping away. — 14

CANADA

A FLURRY OF SCANDALS

Ottawa Premier David Peterson's top aide, executive director Gordon Ashworth, became the latest casualty when he resigned after admitting that he had accepted—but never paid for—a refrigerator and the services of two house painters arranged by controversial Liberal fund raiser Patricia Starr. — 12



THEATRE

A SUMMER TRIUMPH

Ottawa's Stratford Festival has experienced as many ups and downs in its 36-year history as the Shakespearean names who people its stages. But after four years under artistic director John Neville, who is leaving the Festival this fall, it is enjoying financial success and renewed artistic confidence. — 44



A Faded National Dream

For Canadians, personally in quest of a national identity, it was a bawling objective. Lacking both the unifying tribal roots of older nations and the revolutionary zeal that inspired Americans out of immigrants of every stripe, Canadians instead embraced the wistful concept that they could "retain their respective identities while pursuing one another as equal partners in a united country," as one government pamphlet described multiculturalism. Slow and steady, it was from the beginning the word itself was adopted by Pierre Trudeau in 1971) an ideal that was much out of expediency as out of principle. Governments found it easier to justify granting rights to a francophone minority when other, smaller and more recently arrived minorities also had a place, at least, in the national fabric.

But there was more to the idea than that, in a world where isolation is a wretched choice for even the oldest nations, Canadians have rightly believed that their ability to maintain harmony among diverse cultures and ethnic groups is one of the nation's great successes. However, as this week's cover magazine reports, the secrets of immigration to Canada in the past two decades have shifted increasingly from Europe to the nations of Asia, the Caribbean and Africa. And a reactionary response in racism is now posing as ugly and growing challenge to the multicultural ideal.

It is a challenge that Senior Writer Peter Kopelman, who wrote the issue cover story, came to with a distinctly appropriate personal perspective. The son of Estonian refugees who fled the wreckage of Europe after the Second World War to settle in Montreal, Kopelman and his wife, Eva Vucanovic, have kept their heritage very much alive. The Kopelmans speak Estonian at home and have introduced their five-year-old daughter, Leela, to cultural traditions. Kopelman remembers the distress of his parents at being derogatorily referred to as "ifs"—a reference to the term "if-you-were-pretty." But now, he observed, "the situation clearly appears to have a more sinister edge to it."



Kopelman, observing that "the situation clearly appears to have a more sinister edge,"

Kevin W. Doyle

Maclean's

CANADA'S WEEKLY NEWSMAGAZINE

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GOOD TIMES. CALL FOR THE CAPTAIN.



CAPTAIN MORGAN RUM

OPENING NOTES

Prince Charles slams teachers, Montreal keeps the lid on, and Margaret Thatcher fights in the bedroom

RAISING THE ROOF

An early-summer heat wave hit Montreal last week—providing good weather for special baseball in Olympic Stadium. But as the Expos opened a series against the unruly New York Mets on June 26, the stadium's retractable roof resembled Jolly Hot. The reason: all the roof operators were off work for the St. Jean Baptiste holiday weekend. And the \$3.2-million fabric covering had to remain in place during the remaining two Expo-Met games, even though temperatures occasionally reached 35°C (or field level). Because the insurance policy on the roof had expired, a spokesman for the provincial government agency that operates the stadium has promised that there will be a new insurance policy in effect before the Expos' next home stand on July 12. Meanwhile, Toronto's famed stadium also has a retractable-roof crisis. There, Argentine officials insist that the SkyDome's roof remains shut during the football team's home games to ensure consistent playing conditions. It is enough to take the wind out of an Arg's sail.

Olympic Stadium: no technicians and 35°C temperatures



AP/WIDE WORLD

JOINING THE PARTY LINE IN OTTAWA

Brian Mulroney presided over one of the social events of the Ottawa summer last week—his third annual Prime Gully picnic on the grounds of 24 Sussex Drive. A Mulroney wife and the Prime Minister's long schedule had caused the cancellation—damaging rumors that military measures had killed a few birds get off with hot dogs, soft drinks and Canadian wine. In any event, many gully members had other commitments to ponder last month. The club-wrapped Liberals held a backyard barbecue at Sherbrooke on June 20—with salmon and steaks on the grill—for 40 associates who had received Oppose Leader John Turner during last fall's



Mulroney with guests: the largest picnic of the summer

federal election. And Speaker of the House Jean Charest drew the largest picnic of the summer on June 24 at his official residence in Kingston, Que. There, 2,000 guests added on shrimp, chicken and beef and kept them busy during the social after Party lines are expected in Ottawa.

Doomsday in the backyard

The U.S. air force is striving to secure good military communication links to be used during a nuclear war—but its efforts to do so have created controversy domestically and in Canada. The air force plans to have its so-called secondary radio network in operation by 1993—with many of the 95 transmitter towers near the U.S.-Canada border. But citizens' groups in both countries are mounting opposition to the \$750-million program—because they claim that the towers would make their areas prime targets during a nuclear conflict. Fighting acid rain seemed simpler.



Thatcher in her bedroom: indications of divinity

SPELLING OUT HIS DISCONTENT

His criticisms of modern British architecture have earned him a reputation as a man who speaks his mind. And last week, Prince Charles added the British teaching profession to his hit list. Addressing a meeting of senior education officials in London, Charles complained that he routinely has to correct spelling and grammar mistakes made by his staff. According to the Prince, the reason is simply that the Queen's English is taught "laxly badly" in Britain. He added, "All the people in my office cannot speak properly, cannot write properly and cannot punctuate." A number of senior spokesmen responded by charging that Charles himself had set a poor example—by punctuating his speech with swearwords.

Politics in the bedroom

A \$1.9-million remodeling project has embroiled Margaret Thatcher in a tense bedroom politics in London's finest No. 10 Downing Street. There, Britain's sub-sold prime minister has approved architect Gordon Terry's plans to remodel a dining room and add a fireplace to a master bedroom on a first-floor suite that is known as the "boudoir." That room is now a reception area in the 250-year-old building, which has been the official residence of British prime ministers since 1732. Indeed, the government has given the brick room home to a lot of heritage buildings that cannot undergo alterations without the concurrence of municipal authorities. But Crown-owned buildings are exempt from that rule—a loophole that will allow Thatcher to renovate without the Council of Ministers's approval. As a result, the council commander has asked architect Richard Hoggings to study Terry's plans—in the hope of persuading Thatcher to modify them. Said Hoggings, "Mr. Terry proposes further classical ornament as a side which is greater than any of the additions since Sir Robert Walpole left the house in 1742. Sprightly floral columns are traditionally associated with divinity."

Equality for 19th-century mothers

Prince Edward Island celebrated an important occasion in Canadian history last week—August had weather and some modern-day problems. Shortly after 26 male students disembarked from whaling boats—to re-enact the 1864 meeting at the Pictou Conference in Charlottetown—diving men walked their pants down through city streets. Indeed, the adults soon forced the students to dress in plastic raincoats over their period-piece frock coats. And several island residents questioned the first-hand appearance of Ben MacCallister, the 28-year-old student who portrayed Sir John A. Macdonald—a man whose weathered features induced his love of drink and pool games. More to the point, the P.E.I. Advisory Council on the Status of Women said that the re-enactment had "blatantly ignored the contributions that many courageous women made



The Fathers of Confederation: rain clouds

AP/WIDE WORLD

to help build this country." Added council vice-chairman Rachel Gilmore: "The only women in evidence here are in the kitchen making sandwiches, or serving them." Perhaps the Fathers could do the dishes after the next parade.

A PLANE FILLED WITH MEMORIES

A Maryland aircraft hanger has become a popular destination for hundreds of Japanese visitors to nearby Washington, D.C. There, technicians are restoring the plane that dropped on a stone beach on the Japanese city of Hiroshima on Aug. 6, 1945, killing as many as 200,000 people. The Enola Gay is scheduled to go on display at a Washington museum by the end of 1990, but in the meantime, workers who are overhauling the B-29 bomber are honoring the Japanese tourists with equanimity. Said shop foreman Richard Morison: "It is part of their history."

BORDERLINE BEHAVIOR

Since Congress passed the 1992 U.S. anti-gratuity statute



Frank on plane, no return visit

has occasionally used that controversial legislation to refuse entry to anyone when they continued to be anti-American. But last March, Massachusetts Representative Barney Frank crossed a bill to remove the act—which has been invoked to

bar such diverse individuals as Finnish actor Yrjö Jylhä and Canadian author Percy Moore. Authorities turned back Moore in 1985 on vague grounds that he harbored communist sympathies. Frank told *Newsday* that his bill will become law by next year. Still, that expected reform will come far too late for many would-be visitors. Said Moore, for one: "I will not return until they send Air Force 1 to us." A forgivable offense, apparently—but

gave no return visit



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COLUMN



Costly help for the wounded

BY DIANE FRANCIS

Cowling Storage Services Ltd. installs shelving in factories, warehouses and offices in and around Toronto. Like many employers, proprietor Michael Cowling makes large contributions to Workers' Compensation, the nationwide system of insurance designed to replace incomes for injured workers. But over the years, his premiums and employer's share have escalated dramatically—from \$4.54 per \$100 in wages in 1989 from \$3.72 per \$100 in 1988. Cowling has had several run-ins with the system and now says that he realizes why premiums soar.

In one incident, an employee tripped over his work boots in the parking lot, fell and damaged his knee. Because the employee had not actually begun working, Cowling did not report the incident to the board. But the worker did—and successfully collected 90 per cent of his \$200 salary for one week. Provincial compensation officials noted, according to employer's accounts, that the worker was performing a reasonable act while the wage of employment. "He asked, 'I called them up and said, 'What if he had tripped over his work boots driving out of bed? Would that be an industrial accident?' They said it wouldn't be, but a car accident on the way to work would be. It's absolute nonsense."

Another businessman told me about a factory worker who carried oil and violent acts, but not on his way to work. While he was at work, he fell off a wall and he sustained a back injury. The board in Ontario awarded him 90 per cent of his pay, and he collected it while in prison, even though his paymen men already paying for his room and board.

Such grievances by businesses are not isolated. There is a growing awareness among members of the business community that the Workers' Compensation system is in a mess,

Worker compensation systems across Canada are growing more expensive, and reforms are needed now to save the programs

having strayed miles from its original concept. And the problems affect all of us as the costly system devolves into an open-ended private welfare system, which you and I eventually pay for indirectly. We pay because skyrocketing premiums are passed along in the cost of goods and services wherever possible.

In addition, provincial governments are on the look for million-dollar deficits that pile up because premiums don't cover costs. An interesting study called *Workers' Compensations in Canada*, released in April by the Canadian Manufacturers' Association, makes a compelling case for change. It cited that, in 1985, 1987, compensation boards across the country had run up a collective and unbalanced liability of \$9.4 billion. That represents the difference between the board's revenues and what it pays out in claims.

With so much at stake, something has to give. And the way to do this requires business more, not compensation paid, or do a lot of the biggest financial shortfalls in Ontario and Quebec, which accounts for \$6.6 billion and \$2.36 billion respectively. Businesses there, say, with some perfection, that they cannot absorb higher premiums. In Ontario, these premiums rose by 74.5 per cent in

Ontario between 1989 and 1987, in \$2.44 per \$100 of salary on average from \$1.65 per \$100 of salary. In Quebec, premiums have climbed by 32.28 per cent, to \$2.30 from \$1.69.

The Ontario government introduced the Workers' Compensation system in 1914, and eventually all the provinces and territories established compensation programs. They were supposed to be self-sustaining, supported by employers. Self-employed individuals cannot participate but they can pay private-sector income-replacement insurance. The original principles of workers' compensation are still valid, but in some jurisdictions there have been major deviations.

According to the manufacturers' association study, "accidents occurring on the company's parking lot or during activities organized by the employer (social or sporting events) have been compensated." Not only that, but claims have been paid to employees suffering from medical problems that they may have already had when they were hired.

The average claim in 1990 in Ontario was \$3,124, and by 1987 it had grown to \$8,000. The highest jump was in Manitoba, where payments went from \$600 in 1980 to \$2,160 by 1987, an increase of 216 per cent. In some cases, workers' costs more on compensation than at work because they do not pay taxes on their earnings. Boards also pay claims beyond retirement age or in addition to Canada or Quebec pension plan disability payments. Businesses in Ontario face far more compensation for sometimes providing so-called top-of-the-benefit. That is when an employer willingly adds 10 per cent or more to the 90 per cent of salary paid by a compensation board while the employee is off work.

The manufacturers' association report on compensation said that "by doing this, employers pay money to injured workers that otherwise would not have been paid out, according to Revenue Canada, three amounts are not taxable. Obviously, the injured worker will receive more and not receive lower, and this does not help to create the necessary incentive for the worker to return to work as soon as possible."

Worse yet, a worker receiving a so-called permanent disability award can return to work without losing his benefits, says John Macfie, director of the Ontario ministry of labor's office of the employer adviser, which helps businesses like Cowling who wish to fight the compensation board or its decisions. Macfie also said that what is awarded as a Director's "review" award in which payments are only paid to those unable to work. Several provisions have done that, and \$1.62 billion in Ontario promised to do the same. I hope that provisions will continue to reform laws. Clearly, the system is unsustainable but has record of course. We see quarrels with the responsibility of society and business for their injured workers. It is to be hoped that the system provides no incentive for employers to provide safe work conditions. But a system that encourages victims or in other ways loads on money rather than in a system that makes society and business able.



Peterson's fresh disclosures and speculation about the Starr connection

CANADA

A FLURRY OF SCANDALS

**POLICE PURSUE
AN INQUIRY
IN THE SEALED
OFFICE OF A
PETERSON
SENIOR AIDE**

For months, the allegations of financial high places and improper political contributions had swirled around Ontario's petrimonically graying Liberal Premier Donald Peterson. Since the mid-February revelations that Conservative-turned-liberal federal minister Patricia Starr had arranged questionable donations to numerous political campaigns, hardly a week had passed without fresh disclosures and further speculation about the relationships among Starr, politicians—federal, provincial and municipal—businessmen and developers. Then, on June 23, Metropolitan Toronto and Ontario Provincial Police came into Queen's Park and began going through the computer records of Peterson's former executive director Gordon Ashworth. The premier's principal aide had resigned the day before, when Peterson found out that Ashworth had not paid for a refrigerator and house-painting by a refrigerator

by two years ago. Police raided Ashworth's office and posted a sign reading "Absolutely no entry." Said Metro Toronto deputy Police Chief William McCormack: "It's a big job dealing with sensitive material."

Endlessly Peterson had already reached the same conclusion. The day after Ashworth quit, an abruptly upset premier told a Queen's Park news conference that there would be a political inquiry into this tangled mess involving Starr, Ashworth, Elton Del Zotto—a real-estate developer and president of the federal Liberal party's Ontario wing—and several other political figures. But then, early last week, Attorney General Ian Stewart told the legislature that the inquiry probably would be delayed until the police investigation had been completed in order to avoid jeopardizing the right of anyone who might be charged. That, legal observers predicted, could postpone the opening of an inquiry for several months. The opposition New Democrats and Conservatives promptly branded Peterson's inquiry announcement as no more than a public relations gesture.

Meanwhile, the week brought additional developments.

- Peterson told the legislature that in 1986, Starr had unsuccessfully recommended Del Zotto for the vice chairmanship of the Ontario Police Commission, in which the province's 120 police forces are accountable. Del Zotto is president of Tridel Enterprises Inc., the huge real estate and construction conglomerate which that same year built a \$18-million resort complex in northwest Toronto for the Toronto version of the National Council of Jewish Women. Starr was president of the organization which, because it was a charity, got \$251,000 in provincial sales tax rebates on the cost of the complex. According to published reports, a Toronto judge has now ruled that Starr had donated more than \$62,000 of the rebate to political campaigns. The Income Tax Act forbids such donations by charities. In addition, Starr has said that Tridel paid the charity \$100,000 for consulting fees on the project.

- The public accounts committee of the Ontario legislature authorized the provincial auditor to investigate a decision by the housing ministry to award a \$232,000 two-year contract to Diao Ching, a former developer who worked on Housing Minister Christine Hasek's 1987 election campaign and who was among those whose name confirmed that they received money from Starr.
- The National Council of Jewish Women asked Starr to resign her membership because, said president Gloria Struss,

she "has no place in our organization".

- At Peterson's request, Del Zotto resigned from the board of directors of the Ontario Arts Council, which gives grants to individual artists and artistic groups and institutions. As well, Peterson said that Del Zotto ought to resign his federal Liberal party seat, but national Liberal Leader John Turner said in Ottawa that he would withhold judgment on Del Zotto until the provincial inquiry was completed.
- Toronto's *Globe and Mail* reported that the

multicollaps-dink and decorated with a 1950s-usage Coca-Cola sign lying on one wall. The investigation was started the previous week late on June 22, the same day that Ashworth resigned, when a York district Crown attorney, Jerome Wiley—acting on orders received from Attorney General Ian Scott—called McCormack about possible irregularities at Queen's Park.

A day later, Staff Sgt. Leo Campbell and Wayne Coghlan taped their no-entry sign on Ashworth's office door and began the investigation, which McCormack said would establish whether there had been any breach of trust, an offence under Section 131 of the Criminal Code, which carries a maximum penalty of five years imprisonment. The deputy police chief said that the preliminary police findings, expected until the end of the week, might determine whether charges would be laid. The detectives, he said, were empowered to collect "anything that we consider evidence," including relevant memorandums and politically sensitive documents.



Del Zotto, Ashworth (below) and the 'ice man' resign

statement of 2888 federal election campaign expenses filed with Elections Canada on behalf of James Peterson, Liberal candidate for Parliament for Willowdale and the premier's 27-year-old brother—sourced nearly \$5,000 worth of hotel and car rental documents which, according to the Canada Election Act, should have been reported as campaign contributions.

After the election, he became Peterson's executive director at a reported \$208,800 a year with the risk of duty assistance, which included him, among other things, to a stretched car allowance and a pension, although he has neither salary nor income tax. In 1986, he was assigned to Patricia Starr, yet at week end, it was a connection whose full-dress resignation seemed. But, as Campbell and Coghlan were forced to sift through Ashworth's files, the would sit all by himself paid and a refrigerator presented a bag, his secretary of political travel for David Peterson and the Ontario Liberals.

When Peterson held him to help with the 1985 Ontario election, he had led to the end of 62 years of Conservative rule. After the election, he became Peterson's executive director at a reported \$208,800 a year with the risk of duty assistance, which included him, among other things, to a stretched car allowance and a pension, although he has neither salary nor income tax. In 1986, he was assigned to Patricia Starr, yet at week end, it was a connection whose full-dress resignation seemed. But, as Campbell and Coghlan were forced to sift through Ashworth's files, the would sit all by himself paid and a refrigerator presented a bag, his secretary of political travel for David Peterson and the Ontario Liberals.

RAE CORRELL and **JACQUELINE TREACON** in Ottawa and correspondence agencies

National Notes

PRIMER GATHERINGS

The three Maritime premiers declined their intention to involve lawyers to trade between New Brunswick, Nova Scotia and Prince Edward Island in an attempt to create a regional free trade zone. Meanwhile, the two western premiers said that they would review pressure on Ottawa to ease interest rates.

SECOND THOUGHTS

Declined provincial support for the March 1988 accord along with British Columbia Premier Robert Vander Zalm said that he was concerned about protection for minority language rights in the pact, and Saskatchewan Premier Grant Devine said that he would accept additional to the agreement.

TO ELECT A SENATOR

Alberta's Conservative government announced a bill to the legislature that would enable the province to hold Canada's first election for a federal senator during municipal elections on Oct. 26.

AN HPD STAR SAYS NO

Former Ontario New Democratic Party leader and Canadian ambassador to the United Nations Stephen Leeson said that he would definitely not return to what he called the "obscene life" of politics to seek the party's national leadership. Added Leeson: "Every time I've said 'No,' I've meant it."

A CHURCH UNDER CHARGE

Additional charges against three priests in Toronto, Calgary and Vancouver, B.C. brought to at least 26 the number of Roman Catholic priests and church workers accused of having charges of sexually abusing young parishioners.

HPD UNDER SCRUTINY

Two Quebec Conservative backbenchers have introduced legislation, Jean-Luc Jas, introduced from the opposition, which it was revealed that the RCMP is investigating having practices in their offices. And three additional corruption-related charges were laid against former Montreal star Edward Desjardins, who already faces three charges laid in January.

SHORTEST ALLOCATIONS

Federal Auditor General Kenneth Dyre said that he cannot rule out the possibility of fraud in the way that Nova Scotia spent some of its \$200-million federal grant awarded for energy development. Part of the money was to build two biongas that are not used, and part of it to train dental technicians.

AN ANGRY RACIAL BACKLASH



**INCREASING NUMBERS OF
CANADIANS NO LONGER
SHARE THE VISION OF A
MULTICULTURAL SOCIETY**

The April 19, 1997, riot in the St. Louis area, the angry blacked protest, the Winnipeg riot had been for sale for one month when a couple from the St. Louis area came to look at it in April. The husband had the brother and sister, who came to Canada from Portugal 28 years ago, though it was not a matter of selling his property. But then, the woman saw some East Indian children fighting in the street. "I killed them!" she said and she was too shocked about the community. "After the woman discovered that the local school's vice-principal was from India, she said, 'I could understand it, coming from a small town in Saskatchewan,'" said Balas, vice-chairman of the Manitoba Interfaith Council, which advises the Manitoba government on multicultural matters. "I don't like it—let it be reality." Such incidents are commonplace occurrences across the country. And they mark a reality for people from that continent in 1997, when then-Prime Minister Jean Chrétien officially adopted multiculturalism as a trademark for Canadian society.

Harmful: Canada, in that sense, was to open a bold new frontier, setting an example to the rest of the world that people of different ethnic backgrounds could live in harmony without losing their cultural distinctiveness. It was a tempting message that set Canada's cultural mosaic distinctly apart from the American melting pot. To the world—and many Canadians embraced it wholeheartedly. The Conservative government of Prime Minister Brian Mulroney—himself the husband of an immigrant Canadian—has reaffirmed Ottawa's commitment to the multicultural vision, declaring in a 1997 pamphlet that Canadians should have the freedom "to retain their respective identities while joining our nation as equal partners in a united country." But the Canadian reality has clearly fallen short of the ideal. In fact, recent opinion polls show that, far from living up to the principle of ethnic harmony, a growing number of Canadians express intolerance not only of identifiable minorities, but toward the idea of ethnic diversity itself. The reason is under siege.

It is an attempt to understand the reasons that confronts the country with a deep-rooted dilemma and a challenge to its conscience. Demographers say—and government officials acknowledge—that Canada must accept more immigrants in order to offset, at least in part, its declining birthrate if the country is to preserve its prosperity. Roughly close to that, an increasingly large minority of those immigrants will be from Third World countries. In 1987, Canada accepted 262,194 immigrants—95 per cent of them from Europe and the United States. But by 1987, 76 per cent of 353,046



Kingston Market shoppers (left), swearing an ethnic oath; Toronto's mosque

immigrants were from Asia, the Caribbean and elsewhere in the Third World. Fewer than one-quarter came from Europe and the United States.

In cities whose prosperity has attracted the largest share of immigrants—namely Montreal, Vancouver and Toronto—the shifting color balance of society has already spawned outbreaks of open racism. In parts of the country, groups are urging Ottawa to restrict more white immigrants in preference to nonwhites. "I am not a racist," argued James Wells of Saint John, Atlantic vice-president of one such group, the Confederation of Nations party (CON). Rather, Wells said, "I'm trying to protect the Canada I've known for myself and for my children." Such views prompt the federal government with a sensitive problem: how to reconcile increasing intolerance with the need for more immigrants. The closer one gets to the accomplishment that task has

shown an explosive issue squarely before Employment and Immigration Minister Barbara McGough (page 20).

Polls: In fact, while the issue may be framed in a clear, if far from breaking, federal, when Canadians are asked specifically whether they support official multiculturalism, most still answer in the affirmative. In an Economics Research Group Ltd. poll April 63 per cent supported the policy. But other polls show a clear swing away from the ethnic underpinning the con-

sider the right of Canadians of any origin to preserve their ethnic identity. Among the most shocking discoveries reported in last week's special issue of *Maclean's* as Canadian and U.S. attitudes was the finding of a *Maclean's* Devises poll that fully 61 per cent of Canadian respondents—including a majority in every ethnic and religious level—said that every group should change their culture in order to "blend with the larger society." By contrast, only 31 per cent of American respondents endorsed the melting-pot model of ethnic assimilation. "We've been characterized as a mosaic," said Devises Research Ltd. chairman Allan Gregg. "It just was true historically, it certainly isn't today."

One reflection of the new intolerance is a widespread distrust of those who arrive claiming sanctuary from persecution. A decade ago, Canadians responded to the plight of the first

waves of Vietnamese boat people with open arms (page 21). But after two big tidal waves of boatloads of South Asian Sikhs and Tamils and the East Coast in 1986 and 1987, many refugee claimants came to be seen as "invasion" refugees, "who concealed tales of political or religious persecution to take advantage of Canada's traditionally open door. Since then, Ottawa has acted to stem the flow of illegitimate refugees by setting up a "fast-track" system for legitimate refugees and providing (page 12).

But, while the controversy

over refugees has abated, the flow of regular immigrants continues to bring to Canada an ever-increasing number of people whose roots lie outside of Europe. And while white minorities still account for only 8.5 per cent of the population—a figure that government demographers estimate will rise to as much as 10 per cent by 2001—there persists a disproportionate hostility to them in cities like Toronto and Vancouver. In 1996, more than one-third of immigrants to Canada settled in the Toronto area, where 13 per cent of the population is now made up of visible minorities. That reflects has led to a sense of alienation among some long-established residents—and an increase in reported racism. "If there's just one of you, you are extra," commented Carmie O'Brien, who came to Canada from Jamaica 20 years ago and is now director of patient services for Metropolitan Toronto's Home Care Program. "Too many of you cause fear."

Subtle: Indeed, in last week's *Maclean's* Devises poll, 34 per cent of respondents from Toronto said that they had experienced instances of racial discrimination. The experience is also outside. Observed O'Brien: "When my son was a child, white parents did not mind seeing that when your child reaches dating age, the pressure goes on. Others, though, are more overt. In Kingston's Visiting-Service race, Donald Anderson, leader of the white-supremacist National Party of Canada, campaigned under the slogan, 'God is a racist and race is the issue.' He received 5,759 votes—fully 60 per cent of the popular vote. More recently, Andrew has found an eager audience among Toronto's young, stylish skateboarders, whom he often meets in fast-food outlets. On one Saturday in May, about 50 of his skateboard followers filled the seats of an oval McDonald's restaurant to hear Andrews speak. McDonald's restaurant manager Joseph Gratton: "The regular customers would not come in. And the Italian kids who usually run the store would not show their faces."

Vancouver has also become a cauldron for uneasy politics. In 1996, the first East Asia, and a local point of hostility. Of the 32,887 immigrants who arrived in British Columbia last year, 86 per cent were Asian. Of those, 5,558 came from Hong Kong, many of them recently fleeing the expected return of the British colony to China in 1997. Most of them have settled in Vancouver, where gruff-looking men with beards as "Go back to Hong Kong" in some costumes. Many residents blame the newcomers for a recent steep rise in house prices. Said November Jettis, 38, one of the thousands of people of East Indian descent who came to Canada from South Africa in the early 1970s: "It will probably never be able to afford a house because these people are driving prices up."

For her part, federal Immigration Minister McGough brands such such reactions as "irrational and things that have become 'more' in the past half-century, it also contradicted earlier waves of immigrants. One

McGough's under siege



way to manage our, she added, is to challenge what she described as the widespread myth that immigrants take jobs away from Canadians. "Immigrants create jobs," she said.

In fact, demographers and social scientists side with that. Canadians with European roots have little option but to adapt to a society increasingly led by newcomers.

As both other countries Without new immigration, they estimate that Canada would need a birthrate of at least 3.1 children per woman in order to sustain its present population of just over 26 million people. But Canada's birthrate has fallen steadily over the past 30 years, standing about 1.7 in 1986 from a postwar high of 2.9 in 1959. At that rate, Canada's population will begin to decline by 2020 even if immigration continues at present levels, a prospect with troubling implications for Canada's economy. Shirley Seward of the Institute for Research in Public Policy, for one, observed in a 1987



Black music, new ideas

history, noted that Canada needs to take in roughly one per cent of its existing population in new immigrants each year—the figure for 1980 would be about 260,000 people—simply to maintain current population levels.

Among demographers the ideal of a multi-racial Canada, the solution lies in attracting immigrants from the rest of the world. European sources of immigrants in Vancouver, the two-year-old British-British Immigration and Naturalization Service has agreed public meetings to promote that goal. And the country's right-wing agenda also includes curbing immigration by visible minorities. Declared Webb: "We are having trouble in Third World cultures. We should bring them in from Ireland and Germany and Ireland."

Needle Suter observes that that one pool of skilled European workers remains supported by Canada. Until recently, except from the Communist regions of the Eastern Bloc were warmly

accepted in the West—150,000 Eastern European refugees live in West Germany alone. But, with increasing freedom in some Eastern Bloc countries, the welcome has begun to fade. In the face of mounting public pressure, West Germany has introduced measures to reject Eastern Bloc refugees it considers economic refugees—and deport them if no other nation is willing to take them. New Toronto immigration lawyer Robert Boudin, of Polish descent, says that Canada should open its doors to those Eastern Europeans unwanted in Germany.

"We need workers," Boudin said last night. "even if all 150,000 Eastern Europeans left. What Germany moved to Canada, the rest would be less than Ottawa's immigration target for this year of 180,000 people. Instead, the experts say that the reality confronting Canada is clear: the issue will eventually be in a color other than white. And it will be left to Ottawa to contain any badly placed, visible minorities. The counterfactual is already under way. Last year Parliament passed a new Canadian Multiculturalism Act that established a law 'the freedom of all members of Canadian society to preserve and share their cultural heritage.' Legislation now before Parliament would create a separate and more powerful department of multiculturalism and citizenship. Declared Noel Keenle, associate undersecretary of state for multiculturalism: 'The important thing is the freedom to be a Canadian any way we want. Our challenge is to make sure that there are no barriers in the way to the exercise of that freedom.'"

And despite the evidence of polls, there are arguments that some Canadians are coming to terms with the reality of a multicultural society. "Once you start talking about visible minorities and refugees," said Anna Wilson, born in Panama to American parents, and a landed immigrant in Canada since 1962, "you find they laugh and cry the same as we do." Wilson, now executive director of the Calgary Catholic Immigration Society, added, "There are tremendous signs of appreciation of the role immigrants play in the community." Such testimonials may be true, but they provide a welcome argument for hope.

PIETER BOVILLER and SHAFIN SMADHY • Toronto; MURRAY SROENMAN in Winnipeg; AND BALASZKY in Toronto and CLAY ALLEN in Halifax

COOLING THE WELCOME

A TIGHTER LAW RESTRICTS REFUGEES

SOME says that the specific bars on his right night into a 12-in. scar on his right eye are proof that he would be in danger if he returned to his native Beirut. Speaking as a lawyer, the 44-year-old businessman said that he fled from Lebanon in July, 1987, after being jailed and tortured by Lebanese Christian militia. "I came here because I had heard that Canada was a land of freedom," said Samir, who asked that his full name not be published to avoid potential reprisals against his wife, who still lives in Beirut. Two years after his arrival, however, Samir still does not know where his family will accept him as a refugee. He now shares a home with a friend in Ottawa, and he is taking a course in computer programming. "I go to school every morning," he said last week. "But by the afternoon I have forgotten everything because I am so worried about what will happen to me and to my wife."

Now, Post Samir and his thousands of other Syrian refugees now in Canada, the uncertainty may soon come to an end. Later this month, immigration officials will begin hearings to decide the fate of an estimated 174,000 people who claimed refugee status before Jan. 1. Government spokesmen said that it will likely take two years to clear the backlog, but that only about one in six of the claimants will actually be accepted. And the future is even brighter for refugee claimants who have arrived in Canada since Jan. 1: a new screening system introduced in that date has reduced to a matter of weeks or months the time needed for the government to decide whether to approve an application for refugee status. Previously, some claimants waited as long as three years.

"It is still too early to judge the impact of Canada's new legislation, but so far we have been pleasantly surprised by the results," said Judith Korne, an information officer at the



Turkish protesters in Ottawa. There are limits to generosity.

Immigration of the United Nations High Commissioner for Refugees in Geneva. "Canada's record in dealing with refugees is clearly enviable."

Speed: Immigration lawyers and human rights groups in Canada are not nearly so effusive in their assessments of the new system. But virtually all of them agree that the new process does represent a significant improvement. Previously, everyone who entered Canada had a right to refugee status was entitled to a review while his claim was considered—a tortuous process that often dragged on for years and involved as many as seven different stages of hearings and appeals. The new

refugee determination system is simpler and faster, involving no more than three stages. "The speed of the process is certainly one of the things we are happy about," said Margaret Third-Tanaka, Edmonton-based president of the Canadian Council for Refugees. "The refugees can calm down and sleep easy at night."

Limits: For Ottawa, the chief advantage of the new system is that it allows officials to screen out false refugee elements at the border. Such new applicants have to appear before a two-member panel, which has the power to order him deported from Canada after 72 hours if a decision that his claim is not credible. By June 8, 6,832 people had applied for refugee status in Canada this year, 486 either withdrew their claim or were rejected after an initial hearing and of those, 115 were deported.

The message has gone out that there are limits to Canadian generosity," said Stephen Ward, the federal government's director-general of refugee affairs. Officials now estimate that only about 15,000 people will seek refuge in Canada this year, compared with more than 25,000 in 1986. As current rules, however, up to 90 per cent of the new claimants will be allowed to settle in Canada.

Despite that, church groups and other humanitarian organizations complain that claimants who are turned away after a preliminary hearing have only a limited right of appeal. The new system does allow them to take their case to the Federal Court of Canada, but the court does not entertain new evidence, and it is conversely only with legal issues. Declared Elan Morison, co-ordinator of Toronto's Refugee Information Centre: "The idea of a quick hearing is fair in theory, but it ignores the fact that refugees tend to be confused and overwhelmed. They are really afraid of telling their stories to the first person they meet at the border." Oring that fact, lawyers for the Canadian

Week: Ottawa has in fact gradually increased immigration quotas. Compared with a low in this decade of 84,302 in 1985, Canada last year accepted 160,143. The Tories have also expanded a program that makes immigration easier for wealthy foreigners (page 130). But York University's Irving Abella, a specialist in Canadian immigration

NEW FACES IN THE QUEUE

Since 1957, immigrants to Canada from Europe and the United States (and others below) have declined to the point that their numbers have been overtaken by people arriving in Canada from the rest of the world. (Map follows.)



A COOL, STEADY HAND

MCDUGALL IS CONTAINING THE STORM

It took only seven minutes of Emory and Son, Immigration Barbara McDougall first thing this week to put her directive in print: *she has won*. On April 8, 1985, four days after she was sworn in, a ruling band of about 250 Turkish immigrants began marching from Montreal to Ottawa. The group planned to confront McDougall on Parliament Hill to protest a federal plan to deport Turks living in Canada illegally. But instead of meeting the marching in Ottawa, McDougall intercepted the band at a school in Mississauga, about 30 km east of the capital. As the weary marchers prepared to spend the night at the school, McDougall explained that she would not back away from a controversial immigration process. "We must trust everyone the same," McDougall told the Turks. Back in Ottawa, an *Immigration* editor recently described McDougall's jump as a "first-best move." She completely redefined the problem. With the gesture, the minister also added to the credulity that have propelled her to the top rank of the Tory cabinet.

Insider: Indeed, five years after her first election in the affluent Toronto riding of St. Paul's, McDougall may well be the most powerful woman in Ottawa. She launched her spectacular career after the 1980 election, in the junior cabinet job of minister of state for finance. Then the half a dozen other second-ranked cabinet jobs before she obtained her present portfolio. Her performance was acknowledged during cabinet shuffle in January. At that time, Prime Minister Brian Mulroney kept McDougall as employment and immigration minister with responsibility for the status of women. She moved her to cabinet's key operations committee. "She has always been solid," said Barry Stein, a veteran Conservative campaigner in Ottawa. "But it's only recently that she has become a trade player." Now, the attractive and articulate McDougall, 51, is already being spoken of as a possible successor to Mulroney. She's former trade minister Patricia Carney, for one. "If she wants it, she could probably be the first woman prime minister."

Raised in Toronto by a widowed mother, McDougall was hardly a business graduate before becoming a financial analyst in Vancouver in 1964. She separated from her husband in 1973 and lived briefly at Edmonton before returning to Toronto. There she became a vice-president of the brokerage house Dominion Securities-Aurum Ltd. and quickly developed a reputation as a first-rate political organizer for former Toronto mayor and later Tory cabinet minister David Crombie. "She was

always ready to knock us down," said Frederick Clark, director of Ontario operations for the Conservatives. When she ran herself in 1984, McDougall could call on a network of supporters, including wealthy Toronto financier Hal Jackson.

In Ottawa, McDougall was named to Mulroney's first cabinet, winning praise as junior finance minister for her deft handling of the collapse of Alberta's Norwest and Canadian Commercial banks. In 1986, she took on regulatory affairs, women's status and privatisation. Although some Tories complained about

"McDougall's people are young, tough men," reflected one senior Toronto Conservative, adding, "it's not the Polynesians support that Brian MacDougall engendered."

McDougall's ladies-try encourage her sense of toughness: she professes a fondness for slender brown cigarettes and gin. But she also likes opera and tramping through European art galleries. In Ottawa, she begins each day at the office with a workout in a Jane Fonda video tape. As for her assignment as immigration minister, she acknowledged in an interview with *Maclean's* that she needed to look at



McDougall's credentials that have propelled her to the top rank of the cabinet

the slow pace of Crown-corporation self-approval by McDougall, those sales that did take place, notably the sale of Canadian Ltd. to Brierley Inc. of Montreal proceeded smoothly. In her current role, McDougall last April introduced sweeping changes to the unemployment insurance system.

Press: McDougall doesn't have critics, especially among women's groups. Last spring, she outraged members of the National Action Committee on the Status of Women by refusing to attend NAC's annual general meeting in Ottawa. Instead, Judith Allen, an executive member of the National Association of Women and the Law. "Her primary concern is her own career. Women's issues take a backseat." Whether her own party, however, McDougall has support both from progressive elements and from a cadre of ambitious and intensely loyal Conservatives, many of them women.

Further than her own family struggles to find traces McDougall's paternal grandfather, a Canadian of Irish extraction, was an anti-Catholic and a violent anti-Catholic. That, she said, is "the kind of thing that society should be ashamed of."

Still, McDougall's cabinet assignments have not revealed any of her personal agenda. When she has shown strong personal commitment, she has had only mixed success in advancing causes that she supports. McDougall's passionate defence of abortion rights was greeted with praise from many feminists. But she was unable to influence then-British Minister John Gorton to strengthen his 1987 proposal for a national day care system. With her current rise in stature, McDougall can expect to be listened to more closely in the future.

MARC CLARK in Ottawa

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COVER



Hong Truong with her children: riding a bicycle in her gymnas started the town

A BOAT GIRL GROWS UP

A VIETNAMESE EDUCATES COLDWATER

Even after 18 years, there are memories that make Hong Truong weep. Among them is the recollection of one of the first mornings at her new home in Coldwater, an Ontario town of 1,000 on the banks of a river of the same name, not far from Orillia. The townspeople, in a gesture of welcome, had donated a bicycle. So Hong did what she would have done in her native Saigon: The result was not what she expected. "I think they were a little scandalized," she recalled with a shy smile. "I guess we were," agreed Jane Walker, a lifelong resident of Coldwater. "We just weren't accustomed to seeing a 20-year-old girl riding around on a bicycle in her gymnas."

The young woman was part of the wave of Southeast Asian Boat People who found haven in Canada. Hong is now a mother and a budding entrepreneur. And the town that opened its arms to

her is no longer quite so surprised by peculiar foreigners and customs. In Walker, one of a group of four Coldwater families who sponsored Hong and two of her young cousins, resurfaces. "It was very good for our little community here. It really broadened our horizons. It is a place like this, you know contact with people of other races is not something that happens every day."

And for Hong, it was a contact that might never have occurred if Prime Minister Joe Clark's newly elected Conservative government had not contacted itself to help the Boat People in 1979. Most of them, like Hong, were ethnic Chinese who had fled from Vietnam after the fall of Saigon in 1975. Clark's administration encouraged private-sector volunteers, with the government at first matching such refugees that individuals and church groups agreed to support, up to a total of

50,000—in the end, 60,049 Boat People landed in Canada by the end of 1980. The program led four Coldwater families, with the aid of United Church minister Rev. John Aloys, to form a sponsoring group. They adopted Orillia. But they were prepared to sponsor a Vietnamese family, specifying that they would take individuals with a low priority who might not otherwise have been a choice of admission to Canada.

Ghita, Hong was in that category. She was 20, unmarried, with no relatives in Canada, no knowledge of English or French and not particularly well educated. In Vietnam, she had helped her father mother run a food stall in the market at Cholon, the trading Chinese ghetto in the heart of Saigon. What, it seems, she had a few cats and two young cousins—Dag, 11, and his brother Ming, 15. All three had spent more than a year in a Malaysian refugee camp on Pulau Baling, a tiny island in the Gulf of Thailand, with 50,000 other refugees.

They had reached the camp after spending six days at sea on a 23-foot wooden boat crisscrossed with 544 Vietnamese fleeing from their homeland. The trip, like that experienced by most of the Boat People, had been disastrous. The parents attended the boat on five separate occasions. Although Hong was not physically abused by the attackers, they robbed her of all the valuables she had been carrying—including jewelry and \$3,000 in U.S. currency that also had come into the name of her brother. Still Hong "I was devastated. I didn't know what I was going to do or where I was going to go, and on top of everything else, I had the two boys to look after."

It was while the small family languished in Malaysia that fate, in the form of the Coldwater sponsors, intervened. The four young ladies involved began undertaking to care for Hong and the boys for a year, but also pooled their resources to make a down payment on an \$15,000 bungalow. Others in the town gave money and worked on refurbishing the house. "It was a real community effort," said Harold Wood, one of the four town sponsors. "Abel [Hong] had not even applied to go to Canada. I know nothing about this country. I did not know the language. I did not know my sponsors. I did not know where I was going. I was very, very scared." Still Wood, who met Hong and the two boys in an Ottawa-Toronto airport, "I think she was terrified."

The fear passed, however, and it was replaced by a quality that some Coldwater residents find almost unthinking. "She worked awfully hard," said Wood's wife, Inga, herself a

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"There were concerns when I was worried that she might be trying to do too much," Hing was even being up down two jobs, working 18 hours a day at a Coldwater forest and at a local nursing home. At the same time, she was looking after the two boys, who were enrolled in Coldwater schools, as well as dating the boy to attend her own English-language classes at Orlia, 20 km away in her class, she met Dr. Tracy, another Vietnamese refugee who had arrived in Canada a week after her. Two years later they were married.

Acceptance. The wedding was a local event in Coldwater, providing both an illustration of how complete the local people had accepted Hing and how assimilated she had become to her new home. She was married in the United Church. For the ceremony she wore a traditional Vietnamese white gown. After the ceremony, she changed into a traditional Chinese red silk dress. To Wilbur Blackwell, "It was undoubtedly a celebration of everything good about Canada and China."

Eventually, the couple achieved modest prosperity. Hing continued to work, and her husband found a job at a Coldwater plant manufacturing plastic garbage bags. They soon took over the mortgage payments for the bungalow that their sponsors had bought, eventually purchasing the house. They also had three children. Said Hing, "I got married, and every year after that I produced a baby."

The children do not slow her pace. Five



Vietnamese Boat People in Hong Kong—Canada acted

years after arriving in Canada, Hing and her family sold the Coldwater house and moved to Orlia, "fitted to live," she said, "but I got a job at a grocer as an acceptable part and all, anyway, even if not for my own." The couple now owns a modest but handsome \$55,000 home in Orlia. They are parents

with Dr's brother in owning a small block of furnished apartments. And after this month, Hing and a Chinese girlfriend, an immigrant from Hong Kong, will open a snack bar in Orlia. Said Hing, "We're calling it 'Gems'! It's magic, like the magic that brought me here."

Canada has also been kind to the two young boys who accompanied Hing. Ming, the eldest, is now married and living in Toronto. He has roomed with Hing, shared his locker, football and basketball trophies donated the long time at the family's home. He is credited to graduate from the Orlia Delivers College and Vocational Institute next year, after which he hopes to study fashion design at Ryerson Polytechnic Institute in Toronto. He has no regrets about the time in this country, even though he does not recall much about the trials he underwent to arrive here. "All I can remember is that I was scared all of the time," he said.

Belonging. Hing's original sponsors are clearly delighted with her success. Said Wilbur: "We certainly got a wonderful family, and they have done wonderfully well." At the same time, however, even those who were directly involved in getting Hing to Canada say that they are not sure if the process could ever be repeated. Added Wilbur, "I doubt whether it would be in any new form." The whole climate here has changed. "Said his wife, Jean: "I don't think Canadians are any less generous than they used to be. But they are certainly a lot more reluctant now about the whole issue of immigration."

BARRY GAMES in Orlia

QUEBEC'S CHALLENGE

THE IMMIGRANTS WHO SHUN FRENCH

Like many of the newcomers who have been settling in Montreal lately, Marc Gelles, 33, lives a life of linguistic confusion. Gelles, a university-trained engineer, came to Quebec in October, 1986, claiming to be a refugee from political strife in native Nicaragua. Currently unemployed and waiting for that claim to be judged by immigration officials, Gelles studied French at a language school paid for by the federal government. Now, in the first-year apartment he shares with two fellow Nicaraguans, the language is Spanish. But neither Spanish nor French figure largely in Gelles's hopes for the future. "I have always wanted to be part of the global English-language culture," he announced last week. But, Gelles added, "I would like to stay in Montreal, and so to that you must learn French."

Threats. Among many francophone Quebecers, the language of immigrants like Gelles has become even easier to understand than the language of the province's beleaguered anglophone minority. Dubbed "allophones"—either meaning "other" in Quebec—the non-French, non-English-speaking immigrants have become an irreconcilable new element into Quebec's volatile linguistic politics. In fact, some experts say that allophones may pose the gravest threat to Quebec's survival as a French-speaking society. The French, 68 per cent of the province's total population, do not speak French, and many of them are creating assimilation into francophone culture.

"They are leaving French life as we do to learn Latin," said Daniel Lefebvre, a immigrant at Quebec's Institut national de la recherche scientifique. "French school is only postponing their transition into the English-speaking North American mainstream."

The dilemma for Quebec results from the province's declining birthrate. Once the highest in the country, it has now fallen to the low of 1.4 babies per woman—well below the 2.1 needed to maintain the province's current population of 6.5 million. For Quebec's political future, the consequences are bleak. Lefebvre explained that Quebec needs to keep up its

proportion of the Canadian population in order to maintain its clout. Said Lefebvre, "Quebec's political power is declining in Canada. It is trying to restrict its diet of cash before people realize it is running out of chips."

Brink. In response to the declining birthrate, the Quebec government has instituted per-child bonuses of up to \$3,000 per child. But it has also endorsed a hefty increase in immigration, up to 32,000 newcomers in 1989 from 25,439 in 1986. Officials say that they hope to



Gelles (left), Hernandez: hostility, a dilemma and a mixed resource

get 44,000 immigrants annually by 1990.

But only 33 per cent of last year's arrivals spoke French. And Lefebvre noted that if that trend continues and the birthrate stays low, native Quebec francophones will cease to be the majority as the province by 2030. The problem is particularly pressing on the island of Montreal, where almost 90 per cent of newcomers to Quebec speak French, and where, since 1951, the percentage of French-speaking residents has dropped to 80 per cent from 94. The Quebec government has designed policies aimed at combining the allophone immigrants into francophone society. For one thing, chil-

dren from immigrant families are required to be educated in French. But such policies have produced mixed results—and often resentment. At high schools in Montreal, there have been several incidents in which administrators have punished ethnic students for wearing their native languages or English outside classrooms. Said Guillermo Hernandez, a 16-year-old Salvadoran who came to Montreal two years ago, "I don't go to school no more. Even in the special class for immigrants, the teachers speak to you like you already know French."

Still, one apparent solution—to accept larger numbers of francophone immigrants—might only aggravate social tensions, suggested Berko Aguash, president of the Montreal Coalition for Refugees. Said Aguash, "There are all sorts of prospective francophone immigrants, but they are not all white. That is something Quebec has to face." Indeed, racial violence between anglophones and francophones and between immigrants is the second-largest group of immigrants neither government nor to people from France has already fared at schools with large numbers of Italian students.

Reality. For her part, Quebec's former cultural minister, Yolande Tremblay, told Maclean's that Quebecers have no choice but to adjust to the reality that most newcomers will continue to be allophones. And Tremblay said that the situation, in fact, must adjust to French. Said Tremblay:

"The challenge is for everyone to learn to live together. If that does not happen, we are all in trouble."

For some Quebecers any such challenge is even greater than that. Declared demographer Marc Tremblay, also with the Institut National: "If people want the francophone culture to survive, then they better start having more children." If they do so, then there will clearly be ever more immigrants, like Gelles, eager to avoid its volatility. North America's culture that speaks English.

DAN BURKE in Montreal

THE EXODUS CONTINUES

When they first began to work where in history each arrived the counts of the South China Sea, they seemed to estimate a temporary phenomenon. The 14 years later, the Vietnamese refugees have become known as the Boat People, and the exodus is continuing. The flow, in fact, after decreasing during the mid-1970s years of the decade, has again become a flood. At the end of last year, there were 61,690 Boat People waiting around refugee camps in Southeast Asia. There are now some—perhaps as many as 108,406—in overcrowded Vietnamese camps where people begin to see their country in several months.

Hong Kong appears to be the destination favored by most. The British Crown colony, which welcomed 25,000 Boat People at the beginning of the year, is now home to about 47,000. They have been arriving at the rate

of 500 a day. In May alone, 9,200 new refugees arrived, more than in the entire period from 1974 to 1987. The arrivals have been given severely inadequate accommodations, some have been confined in cramping ferry boxes, in overcrowded factories and in tent cities beside harbors. Others live in shanty-town shacks. Five thousand of the most recent arrivals are housed in The Ab Chan island—a barren area of rock and scrub 20 km from the coast of the colony's main island. Most of them live in overcrowded shacks. Said Michael Blanton, Hong Kong's refugee co-ordinator: "At the present rate of arrivals, we need new camp every 10 days."

Meanwhile the number of refugees permitted resettled has declined over the past. Authorities resented 37,485 refugees in 1980, but only 2,772 last year. Officials say that they expect the figure to increase this year, as a result of greater international co-operation. In short, 4,000 Canada will accept the highest number—about 1,300. For the others, the future is bleak.

In a major policy reversal, Hong Kong began

a year ago to accept groups of refugees—those defined by the United Nations—as being in danger of political or religious persecution. In their native countries, some individuals who are seeking a better material life. Since the new policy has been in effect, only 30 per cent of the Boat People arriving in the colony have qualified as refugees. Hong Kong officials expect that the other 70 per cent are anything but refugees. There is some evidence to support the view of some journalists from a Hong Kong newspaper recently travelled to the Chinese coastal city of Beihai, a popular vacation spot for Boat People making their way along the coast to the colony. They found well-fed migrants with enough cash to buy boats valued at over \$25,000. If they succeed, most of the rest of the country, the Chinese Sea, has been expected to do the same.

B.C.



Street scene in the eastern city of Tianjin after the crackdown, a current of danger underleash the veneer of calm

WORLD

NEW BATTLE LINES

China's public enemy No. 1 emerged from hiding last week with defiant words for the country's hard-line leaders. In a dramatic 15-minute videotape released in Hong Kong, Wen Kuan, the 35-year-old steel-tongued leader who went underground after soldiers crushed the pro-democracy movement in Beijing on June 4, branded China's rulers "a band of fascist, reactionary warlords." Looking pale and drawn in the videotape, Wen—son of more than a dozen dissident students and academics who evaded an autocratic onslaught and escaped China—chided back tears as he recalled the terror in Beijing's Tiananmen Square. "We were so peaceful, we were so naive," he said of his fellow demonstrators, as many as 3,000 of whom may have been killed. "We never thought the shamelessness and meanness of those warlords would go

CHINA'S HARD-LINERS SOLIDIFY CONTROL, BUT ESCAPED DISSIDENTS VOW TO CONTINUE THEIR STRUGGLE

to such an extent." He added, "The lines of those dissidents and countrymen who died for democracy, for freedom and for our beautiful motherland have melted into ours. We must focus our will and continue the great

patriotic democratic movement to the end!" According to Hong Kong sources, Wen and other escaped dissidents were planning to launch a pro-democracy movement in exile in the West, and encourage their supporters at a news conference on July 4—Independence Day in the United States. But while Western news media focused on Wen last week and Western governments—including Canada—issued further statements against Beijing, China's newspapers gave front-page coverage to an uplifting speech by the country's paramount leader, 84-year-old Deng Xiaoping. The June 9 address, published for the first time on June 22, denounced the army's crackdown on the pro-democracy movement, which Deng called a "counter-revolutionary rebellion." The release of the speech came just five days after a formal disavowal of China's leadership that left hard-liners firmly in control.

Meanwhile, Chinese leaders worried of a purge of liberals at all levels of the 47-million-member Communist party. And following the defections to Western countries of about 20 Chinese diplomats and embassy staff since the Tiananmen massacre, Beijing recalled ambassadors from around the world for a July 7 meeting. Still one Western diplomat of China's leadership. They are springing efforts to show that the country is stable behind the curtains.

On June 24, the Communist party's Central Committee officially dismissed reformist General Secretary Zhao Ziyang—who had opposed the use of force in Tiananmen Square—and replaced him with conservative Shanghai party chief Jiang Zemin. In his first public speech since his appointment, Jiang, 62, said he would that harsh measures would be used only against "a very small number of bad people." In effect, however, that most pro-democracy student protesters would have to undergo political re-education.

But London-based human rights group Amnesty International issued a statement saying

Canada. "We want to make clear that it will not be business as usual," Clark said. At the same time, he added, "We must try to avoid any wars that would push China toward isolation."

In Washington, the House of Representatives unanimously approved legislation to impose tougher sanctions on China. In part, the legislation would require President George Bush—who has already cut off all sales and high-level diplomatic contacts with Beijing—to suspend foreign aid support for Chinese trade and development and halt exports of nuclear equipment that can be used for military purposes. Arguing that the meeting between Wen and Secretary of State James Baker was a start that the administration should support the House's bill. But New York Democratic Representative Stephen Solarz, who helped draft the bill, said that it altered a careful balance between the proposals of those who would sever relations with Beijing and others who "didn't want us to take any action lest we destroy the story of Deng Xiaoping and perhaps drive the Chinese into the arms of the Soviet Union."



Jiang Zemin: "We were so peaceful, so naive"

that a dozen for the lives of hundreds of people arrested since the Tiananmen massacre. China has acknowledged at least 33 executions since June 21. Unofficial reports claim that hundreds of detainees may have been secretly put to death. Calling for more openness about the Beijing, Amnesty denounced what it called "the well-known official practice in China of 'herd fear first, trial second'."

Other denunciations of Deng's repressive measures continued unabated from world capitals. At the end of a two-day summit in Madrid, leaders of the 12-nation European Community announced a series of new sanctions including suspension of firm sales and high-level diplomatic contacts, post-shipment of new cooperation projects and the extension of visas for Chinese citizens in Europe. And in Ottawa, External Affairs Minister Joe Clark announced military sanctions. They include the withdrawal of government funding from their development projects in China valued at \$9.1 million, the downgrading of Canada's trade representation in Beijing, and the creation of a \$1.5-billion fund to help Chinese students in

Aggravated by the increasing international pressure, the steering committee of China's legislature endorsed the Communist party's suppression of dissent as "legal, correct and necessary." As well, officials strived to convince critics that life has returned to normal in China. The foreign ministry invited diplomats to a welcome festival in Beijing—although five stranded Audi vehicles Tiananmen Square returned all limits to protesters, two adjacent parks and the balcony of the Gate of Heavenly Peace reopened to the public on July 1, the 45th anniversary of the Chinese Communist party. Still, many observers detected a current of anger beneath the veneer of calm. Martial law remained in force, with an indication that it will be lifted soon. In Beijing, bursts of unexplained gunfire could be heard on many nights last week, and heavily armed soldiers patrolled city intersections. Moreover, the vast student took a potentially ominous turn with a mysterious explosion aboard a passenger train outside Beijing, which killed 24 people. Although there was no clear link between the explosion and China's political turmoil, many officials claimed that the blast was an act of sabotage. Said one Western diplomat: "Whether or not this was caused by underground sympathizers of the democracy movement, it provides an ideal pretext for yet another turn of the screw." For pro-democracy sympathizers both in and outside China, such painful events are becoming commonplace occurrences.

ANDREW BELLISS and MELISSA ROBERTS in Beijing, WILLIAM LOWMYER in Washington and TARAUNA TREMBLAY in Geneva

World Notes

SURPRISE IN POLAND

Interior minister Gen. Czeslaw Kiszczak emerged as front-runner for the Polish presidency after Gen. Wojciech Jaruzelski, who ruled Poland from 1980-1989, announced suddenly that he would not stand as a candidate for the new post.

A GREEK SOLUTION

Greece's Communist and conservative parties pushed for a new government, ending a two-week political crisis. The old cabinet united for a single objective: to left autonomy and pro-socialist movement of the outgoing Socialist government of Prime Minister Andreas Papandreu, 75, who is accused of involvement in a massive financial scandal.

MILITARY COUP IN SUDAN

Sudanese troops overthrew the government of Prime Minister Sadiq al-Mahdi after months of political and economic turmoil. A well-known officer, Brig. Omar Hassan Ahmad al-Bashir, announced a state of emergency and said that he would be appointed head of state.

PROTECTING THE FLAG

President George Bush and at least 30 members of Congress made emotional appeals for a constitutional amendment that would prevent desecration of the American flag. The controversy followed a Supreme Court ruling that burning the flag as protest is protected by constitutional guarantees of free speech.

IRISH CRISIS

Ireland was plunged into a political crisis when judges refused to elect Charles Haughey to his fourth term as prime minister, even though his party won the most seats—but still a minority—in a June 15 national election.

CUBA'S SCANDAL

Cuban President Fidel Castro dismissed his interior minister, Gen. Jos6 Alvarez, after several of his subordinates were charged with helping Colombia's Medellin drug cartel smuggle narcotics into the United States. Army Gen. Aurelio Cordero Solorzano, who has refused to drug trafficking, faces possible execution.

DEATH OF A SPIY

Claire Michael Soderstrom—a U.S. navy intelligence specialist who defected to the Soviet Union in 1968, adopted the name Mikhail Yuryevich Odlov and became a Soviet KGB agent—committed suicide at the age of 32, according to a Soviet defense ministry newspaper.

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Substandard housing at Island Park, N.Y.; none houses went to the well-connected

THE UNITED STATES

The price of influence

Congress investigates a housing scandal

Outside, it was another stiflingly humid Washington day. And inside the second floor hearing room last week, the temperature rose steadily as eight congressmen—members of the House employment and housing subcommittee—frantically searched the witness list for names of influence peddlers. Frederick Bush, no relation but a former deputy chief of staff for then Vice-President George Bush, struggled to fight the charge that his social lobbying firm had traded on his political ties to obtain contracts for its clients from the department of housing and urban development (HUD) in the mid-1980s. "This is a case of raising an unproven influence," declared Representative Barney Frank, a Massachusetts Democrat. It is also a case of enormous proportions. Frederick Bush was one of many prominent Republicans accused in recent weeks of abusing HUD, an agency that is supposed to aid low-income Americans but, during the eight-year Reagan administration, was closely tied to a profit-maker for the well-connected. And as congressional hearings proceed, the HUD affair has developed into a serious reevaluation of the Republicans and another example of government corruption in scandal-plagued Washington.

The HUD controversy is a result of human

greed and government mismanagement. It is unfolding not only at the congressional inquiry, but also as a justice department investigation into where millions of HUD dollars—some sources say as much as \$250 million—were spent. And it involves such big-name Republicans as former attorney secretary Bruce Waddell and such previously obscure figures as Maxine Harrell, a migrant ex-crowd singer who ran the notorious "Riot Inn" after admitting to stealing millions in department funds and giving them to the poor. But the key character is Samuel Preston, 66, the HUD secretary during the Reagan years and the only Bush member of the former president's cabinet.

Waddell knows as "Baldie Bear" for keeping an exceedingly low profile—Reagan himself once mistakenly addressed him as "Mr. Mayne"—Preston, by all accounts, paid little attention to the scandal for long would have in his own defence, he has laid the blame on members of his staff. Tim Lantos, a California Democrat who chairs the subcommittee investigating the scandal, last week occupied Preston to "the Maying" experience, sitting in his office with little to do, waiting for the phone to ring, for someone to tell him that some of the HUD programs were out of order and needed major repairs. "Added



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WORLD

Letters According to Mr. Pierce, this phone never rang.

The irregularities at 1420 became public last April in an 180-page report prepared by Paul Adams, the department's superior general. Adams said last week that agency officials had largely ignored his earlier reports of problems at federal housing programs, beginning in 1985. The April document quoted the House subcommittee as open hearings into the affair in May—and revealed a nationwide series of scams.

In the quiet Long Island community of Island Park, N.Y., for one, ranch and Cape Cod-style houses—built under a federally subsidized program designed to provide affordable \$147,000 to \$175,000 housing for the poor—were given instead to such well-connected people as Anthony Ciccone, a cousin of Senator Adams of Illinois, a New York Republican. Of the six houses built with HUD money, 12 have since resold—for a \$321,000. In a terse statement from his office, HUD said that they had been very lenient in the selection of the winners. "There is no reason to believe anything was inappropriate," the senator said.

Pierce has named most political favorites in the department on Deborah Gore Bass, a former Gore Gore baroness who was his creative assistant. Bass, now 38, played a key role in handing out millions of dollars in lucrative rent subsidies and in awarding contracts to influential Republicans. Among those who received lucrative leases was former interior secretary Watt, who lobbied successfully for handing of a housing project in River Mile to return for making eight telephone calls. Watt received a fee of \$254,000.

Three weeks ago, Watt refused to testify before the subcommittee, breaking his *Rolling Stone* pledge against self-incrimination—and his lawyers have examined volumes of HUD documents.

Some of the department's funds were simply stolen. In a dramatic exposure before the subcommittee on June 18, Harrell—"a *Rolling Stone*"—and credit gave a program from the Bible as he told the heated audience how easy it was to take \$4.6 million from the proceeds of sales of houses foreclosed by HUD, which guarantees the mortgages of some U.S. housing. A Maryland escrow agent in contact to HUD to handle such refinements, Harrell used the task advantage of the chaos at the agency to upsize the money first to cover her own debts and then to set up a charity—called Friends of the Po-

ther—to help poor people, named mothers and co-workers. "I am not sorry what I did with the money," Harrell told Maclean's last week. "But I am sorry I was a scam to give. I am a person who loves God. Perhaps the Lord loves me even though I was going about it in the wrong way."

The damage to the Republicans—and to the reputation of the Reagan administration—was hard to determine. In an administration committed to reducing social programs, Pierce provided one major clue in a trip heading to \$35 billion last year from \$42 billion in 1980. And Gerald McCarthy, staff director of the subcommittee investigating the scandal, said, "When Reagan administration officials couldn't destroy the programs, they made killing off them it like a rape and pillage operation." Added Thomas Mann, an analyst at the Brookings Institution, a Washington think-tank: "It is the other cynicism that was displayed by the Reagan administration. Their attitude was 'Who gives a damn?'"

Looking ahead to the 1990 congressional elections, some experts predict that the scandal will prevent the Republicans from capitalizing on the spite of ethical problems affecting House Democrats—particularly Jim Wright, who was forced to resign last month in House Speaker. "The Republicans tried to get a look on clean government and place the Democrats with a black mark," said Brookings scholar Stephen Elms. "No party has a lock on corruption and honesty."

President Bush tried to downplay the news at a news conference last week. He declared, "We are going to do everything we can to clean up any corruption and we don't care who did it." And current vice Secretary Jack Keating, a 52-year-old former football hero and now-term Buffalo congressman, also seemed to keep up the agency's name. Last week he toured the unoccupied halls and re-occupied rooms of a 10,000-person privately owned, federally subsidized housing development in Washington. Kemp called conditions at the 361-unit apartment building "abominable," and, winning at the latter-stories playground and the adjacent parking lot where drug merchants openly deal, he added, "There were no controls, there were no standards, there was no follow-up, and that day is over." For a troubled agency, the fallibility of that promise would make a major change.

REILLY MACKENZIE in Washington



Mr. Pierce (above) chases at the agency.



Mr. Watt (above) refused to testify.

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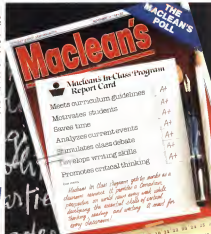
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The dirt on 'Mr. Clean'

A sex scandal shakes the Japanese government

Japan's first major political sex scandal began with the headline, "You bought my baby for 300,000 yen a month." It is in this publication, June 4—just two days after Prime Minister Sonoda Ueo assumed office—the reported *Sunday Mainichi* magazine published an interview with a 40-year-old former geisha who said that Ueo, 66, paid her the equivalent of about \$25,000 to have a five-month affair in 1985-1986. Since that first story, the Japanese and foreign media have carried a series of reports alleging that the married Ueo also had affairs with a bar girl and a 16-year-old apprentice geisha. Last week, Ueo insisted that he had never acted "contrary to morality." But he was clearly discredited over the allegations according to an employee at the prime minister's residence, senior party members—viewing a shakeup. Ueo at home on the night of June 27 to discuss the scandal—had to put the press secretary to bed. Japanese newspapers also reported—Ueo denied it—that the prime minister ordered last week to resign, and by week's end it appeared that party leaders were pressing him to do so. Said one party source: "He is really fed up with all this scandal stuff."

Ironically, Ueo was widely called "Mr. Clean" when he became prime minister. That was a reference to the fact that he was one of the only senior members of the ruling Liberal Democratic Party (LDP) who remained untainted by a history and culture-polluting scandal involving the powerful publishing and real estate conglomerate, Daiwa. So, indeed, former prime minister Noboru Takeshita was forced to resign after he admitted that his aides had scribbled more than \$1 million in donations from Daiwa. The two scandals, as well as an



Shoji Nakaguchi (below): a broken code of secrecy

lower house election, which could be held as early as October and which will decide the next government. Although some observers in Tokyo and Ueo's reputation seemed inevitable, Japanese leaders at first appeared to be divided on the issue.

Newspapers reported early last week that senior party officials urged Ueo to stay in office at least until after the upper house election, arguing that his immediate departure would create political chaos and damage Japan's credibility internationally. But at week's end, the Kyodo news agency reported that three party elders wanted the LDP to dump Ueo and choose an acting prime minister as soon as possible—perhaps before the summit of senior industrial leaders scheduled to begin in Paris on July 14.

When Ueo assumed office, there was so

advice that his private life would become a public issue. Geishas have a professional code of secrecy. They are trained to entertain men, sing at their tables and be their companions—but not necessarily to have sex with them. There are only about 17,000 geishas in Japan—down from an estimated 60,000 in the 1950s—and they are prohibitively expensive. As a result, their clients are predominantly wealthy—business executives and powerful politicians. Mitsuko Nakaguchi, the woman who touched off the controversy, said that she broke her silence to clear her conscience. "The [LDP] is not a mix of noble characters," she said in a television interview on June 28. "He thinks he can buy women for money. I don't want him to use politics in the same way he treated me."

Despite Nakaguchi's accusations, it was still unusual for the affair to be blown into a full-scale political scandal. Many Japanese political figures have been revealed to have mistresses. And Japanese reporters have often considered it their role to expose the private lives of Japanese leaders. But when *The Washington Post* carried a story about the Ueo affair on June 7, it set a nerve with a Japanese electronic that it reacts sensitively to foreign opinion. Japan Socialist party member Masao Kuroki, writing a copy of *The Post's* article in parliament, called the affair an international embarrassment. The foreign media coverage also prompted Japanese newspapers and magazines to investigate the scandal.

The widespread publicity surrounding Ueo's affairs have particularly damaged the LDP's standing among women voters. "This really rubbed their faces in it," said Tokyo University political analyst Steven Platt. *The Tokyo Daily Mainichi* (Shimizu publication) said on June 26 that about 51 per cent of women planned to vote for the LDP in the July 3 Tokyo election, down from 53 per cent in elections four years ago.

And the affair could have damaging international repercussions. Ueo himself has said that he does not want to attend the Paris summit, according to party officials. "He finished out over law he's going to appear overseas," and one aide. "He's afraid those leaders won't even want to shake hands with him." And it now appears that party officials too may not want to reduce the spectre of Ueo's dirty laundry being aired in public, even in Paris.

MARY McNEIL with TOM KOPEL in Tokyo

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BANKING ON TIME

Warner Brothers' award-winning special version of *Batman* descended into movie theaters last night. And as the film's hero did battle with the nefarious Joker, the studio's parent company, Warner Communications Inc., and its ally, Time Inc., last week were leading off an analysis of their own. The rivalry was Paramount Communications Inc., which continued to stall Time Inc.'s annual takeover bid was launched June 6—by announcing that it had lined up the support of eight major banks, including the Toronto-Dominion bank and the Bank of Nova Scotia. Each one in the group has agreed to lend Paramount \$11.5 billion to finance the \$24.6-billion takeover offer for Time. If successful, the bid will dissolve the friendly, four-month-old merger plans of Warner and Time. As a result, at week's end, Time's divisions lunched with their own group of international bankers in Time's luxurious Manhattan headquarters to raise the \$25.7 billion that they say will be enough to block Paramount's takeover.

The public use of the financing provided intense interest in the business community and media. Neither would the closely scrutinized bidding war for the glamorous and respected media giant. For the two banks, the Paramount loans are among the largest ever made in a single transaction by a Canadian bank. Although both plan to reduce substantially their risk by receiving large parts of their loans in other financial institutions—private banks, as application—a financially responsible for advancing a \$11.5 billion to Paramount. (Several federal guidelines suggest that banks should not lend more than 25 per cent of their capital to a single borrower.) And both banks by the Canadian banks would accept those guidelines, which were established after the country's largest bank last fall before the dollar to the Denver Petroleum Ltd. of Calgary (Denco), which was taken over in 1989 by U.S.-owned Amoco Canada Petroleum Co. Ltd., was not able to repay the loans on schedule.

THE TAKEOVER BATTLE FOR TIME RAGED ON AS TWO OF CANADA'S BIGGEST BANKS JOINED THE FIGHT

Scotiabank loans. And last week, Time approached Canadian bankers to help finance its own efforts to thwart Paramount. For their part, federal officials played down the risk to the Canadian banks posed by the Paramount loans, but admitted that the government has been wary since the collapse of the country's financial system since the collapse of two Alberta banks in 1985. Said Robert Leach, a Toronto-based financial services analyst with banker Mobilis Bank: "The stability of the banking system has become a very big topic—much like these major people raise their eyebrows and look for problems."

Canadian bankers say that they are not



Time's New York headquarters: two giants are feeding off an arrival of their own

But a financial analyst who requested anonymity said: "Neither bank may be attracted to actually extending the loans to Paramount. Instead, they could serve as a source of funds simply for guaranteeing to extend the loans. Such firms will be due to the bank even if the Paramount bid fails. But ultimately the performance of Canadian banks in the bidding for Time could be even greater before the battle is resolved. If Paramount is successful, other Canadian banks may agree to join the financing by participating in the syndication of the 10 and

various other contingent risk because of the syndication plans, which would not only reduce the risk to the two banks but also signify confidence by reducing the value of their stake in the loans before the 25-per-cent guideline. Toronto-based bank analyst Steven Krasner predicted that the banks would likely sell up to 80 per cent of their Paramount loans to other institutions. Said Bank of Nova Scotia vice-president Peter Goss: "Our risk is very limited. We expect to have very little trouble placing these loans." For his part, Donald



Davis promises that he would respect Time's decision to remain independent

Macpherson, deputy superintendent of financial institutions, said that in some cases loans may be guaranteed to lend up to 50 per cent of their capital to one borrower. The Bank of Nova Scotia has \$2.3 billion in capital and the TD \$3.7 billion. Said Macpherson: "I want to be clear that we are not approving or disapproving the loans, but we want to be fully aware of the underlying transactions."

Despite some heavy lending losses in the last decade, particularly in loans to developing countries, Canadian banks have recently shown an increased willingness to participate in the financing of international takeovers and leveraged buy-outs. Financial analysts say that the peak into the risky world of mergers and acquisitions is understandable because there is little opportunity to expand loan portfolios elsewhere. In addition, by acting as one of the lead bankers in a syndication, banks receive higher fees than other lenders.

The battle for Time began on March 4, when Time announced a publicly crafted share exchange plan to merge with Warner to form the world's largest communications company. Time had long been a rumored takeover target because of its respected and lucrative magazines and its House of Bon Office pay television operation. As well, Time has been chronically vulnerable to a buy-out because its shares, until recently, sold at roughly one-half of what they would be worth if the company were broken up and its parts sold separately. By joining forces, Time and Warner signaled that they wanted to make themselves immune takeover-proof. And Time and Warner had various comments from a number of major New York City-based banks not to help any party that might mount a hostile takeover bid against either company. But instead of ensuring the safety of both Time and Warner, the deal provided an opening for

Paramount to enter the fray. Paramount chairman Martin Davis had announced a friendly merger with Time executives several times from 1985 to 1988, only to be rebuffed each time. Davis told Time magazine this February: "I would not do anything hostile and would respect Time's decision to remain independent."

The proposed Time-Warner deal changed Davis's mind. Just weeks before Time and Warner shareholders were to vote on the merger, Paramount staged Wall Street by launching a cash offer to buy Time for \$12.5 billion. Paramount's move touched off frenzied stock market trading and rumors flew that big media interests—including Australian media giant Rupert Murdoch and General Electric Co.—were plotting bids to win. In an attempt to make itself too big for Paramount to swallow, Time reacted with a record \$16.7-billion cash bid for Warner on June 16. Not to be outdone, Paramount said a Delaware court to block Time's proposal. Warner bought out and to reverse a Delaware share exchange that the companies have already completed. The case will be heard on July 13, and legal experts say that the hearing may decide the winner of the takeover battle.

A court decision allowing the takeover to proceed could increase the pressure on other major North American media conglomerates to find a way to make the media industry-proof. That will add to the tension in the media industry which suggests that, to be a major force, a company must acquire a global reach. And as media firms become increasingly attractive acquisition targets, Canada's banks could in some cases earnings dramatically by financing the purchases.

PATRICK CHISHOLM and
JOHN SHIMMOT for JNN DAILY

Business Notes

BENNETT CHARGES DROPPED

The Ontario Securities Commission dropped insider-trading charges against former B.C. premier William Bennett and his brother Ronald. Officials said that, because they had already been found guilty on the same charges in British Columbia, they could not be tried again for the same offense acting from the same set of facts.

HEAVY U.S. INVESTMENT

Canada was the world's fourth-largest buyer of foreign assets last year as domestic firms prepared to take advantage of the Canada-U.S. Free Trade Agreement. Canadian firms had invested \$30.6 billion abroad at the end of March—about \$120 million of it at the United States.

IMPERIAL GETS ISRACRO

Imperial Oil Ltd. obtained permission from the Board of Competition Policy to proceed with an \$5-billion takeover of Texas Canada Inc. As part of the agreement, Imperial agreed to sell 543 service stations, and it will continue to sell gasoline to independent station operators.

HOLDON PLANS REVERSE

Milken Co. Ltd. president, Marshall (Merley) Cohen told shareholders that the company plans to build at least three "supercenters" across Canada to help it compete against U.S. rivals. A federal regulator announced a proposed merger of its operations with Carling O'Keefe Breweries of Canada Ltd.

A HIGH-SPEED TRAIN PROPOSAL

Montreal-based Bombardier Inc., a major manufacturer of rail transit vehicles, announced that it wants to team up with two French firms to build a high-speed rail line between Toronto and Montreal. The line would cost an estimated \$3 billion.

DRAINBURY UNDER FIRE

Complex. Olson president Garth Drabinsky refused to answer questions at the firm's annual meeting about the company's accounting problems. At times the audience booed at Drabinsky and applauded some of his quips questioning being asked about company's accounting practices.

LABATT PICKS A NEW CHIEF

John Labatt Ltd. announced Sidney M. Olson to a new president and chief executive officer. Olson is a member of the prominent Olson brewing family of Hamilton, joined Labatt in 1977 when it acquired Olson Breweries Ltd. of Dartmouth, N.S.



Canadian Sentinel maritime surveillance vessel: specialized high-tech products

On the defensive

Canadian arms-makers confront a spending squeeze

Two months after Finance Minister Michael Wilson cancelled an \$8-billion plan to buy 46 new 48-120mm gunned submarines and slashed \$2.4 billion from planned military spending over the next five years, much of Canada's defence industry is in turmoil. Faced with the prospect of a dramatic drop in orders from existing contracts in the early 1990s, military suppliers say that they are unusually worried as an announcement from Defence Minister William McKnight about a smaller-scale, conventional alternative to the submarine program. That announcement is not expected until at least the fall, but other reductions are looming now. Last week the London, Ont.-based Defence Electronics Division of General Motors of Canada Ltd. threatened to shut down its defence business if it does not receive a \$110-million contract to build light armoured vehicles. Wilson postponed that project, which was one of 11 programs that he either cut back or cancelled outright last April.

Other countries are also curbing their military spending, and that is adding to the difficulty facing the Canadian defence industry. The sector is made up of more than 150 companies with total annual sales of \$3 billion and 46,000 employees. Since 1981, military

suppliers' business has given dramatically—fueled by steadily rising defence spending at home and a \$2.4-billion military buildup in the United States. Over the past seven years, Canadian military orders totalled more than \$12 billion, compared with only \$7.5 billion in the previous 25 years. For some Canadian firms, the key to success has been the development of specialized high-tech products. But for many suppliers, including Canadian shipbuilders who build foreign and domestic commercial ships and draw up over the past decade, the prospects are bleak. And some defence experts say that Ottawa will have to make a quick decision on replacing the nuclear submarine program or risk severely damaging the defence sector. Cuts in Canadian military programs will be widely felt. Robert Stinson, president of Montreal-based Group Inc., which was forced to close two of its three Quebec shipyards last year, said that he was counting on subsequent contracts to revive its fortunes. He added, "If we don't get anything else, obviously we'll have to lay off."

The Ministry government killed the submarine program almost exactly 30 years after the Prime Minister, Maurice Duplessis, scrapped the C-120 Arrow fighter plane pro-

gram. Afterward, most Canadian military suppliers abandoned the idea of building complete systems instead of highly specialized products. They also began to rely more heavily on export sales. But now, executives with major companies say that reflects in Canada will trade confidence in products and services that they developed for specialized markets. And the shutdown of 26 Tracker machine-gunned aircraft flying out of Stouffville, P.E.I., will hurt Halifax-based Star Group, which held the maintenance contract for the planes and which is struggling to sell its services to Brazil and outside in the U.S. Star's chief director of marketing, R. L. Givens, says, "It's a very negative impact when you're selling a product and your own country doesn't support it."

As well, other Canadian manufacturers are entirely dependent on government contracts for their business and will face a crunch in the early 1990s when they have filled existing orders. 301's only active shipment, an Essex, Que., is currently conducting a \$1.3-billion refit and modernization of two of Canada's Tribal Class destroyers, and will earn \$100 million in revenues from that program alone this year. But it will begin to wind down in 1989 and 1990, and will probably transfer said that, without new government contracts, shipbuilding expertise could be lost. Star's Stinson: "It's a very complex industry. If you want to be in the game, you have to maintain a core of qualified people. You can't afford to have peaks and valleys."

Still others say that they will survive the national downturn in planned military spending because they also produce defence military equipment. Ottawa-based Computing Devices Co., for one, manufactures a computerized tank firing control system, will be part of the development of national defence's reduction of tank orders to 50 from 150 over the next decade. The company, among other things, also produces electronic surveillance systems, which will be part of the development of Canada and its allies cut back on their weapons purchases. Star's senior vice-president Gordon Wood: "People may have put away their shooting arms, but they still want to know what the other guy is doing."

For his part, Michael Slack, research co-ordinator at the Centre for Strategic Studies at Toronto's York University, pointed out that, since 1975, Ottawa has spent billions building up production capacity in a number of sectors, most notably shipbuilding. As a result, he said that Ottawa should seriously weigh its options before making any further spending further. Added Slack: "Too many people believe to re-establish an industry and then just let it go." But he also added that, because delaying a program is often more costly than cancelling it, the government should decide quickly on a clear-cut alternative to the nuclear submarine program. Otherwise, much of Canada's defence industry might be tipped down a much slower—and ultimately more painful—road to oblivion.

JOHN DALY and DANEY JENNY

Nova's sell-off

An Alberta-based giant is forced to retreat

Robert Blair, the grizzled chairman of Calgary-based petrochemical and pipeline giant Nova Corp., clearly means business. His message last week to a roomful of financial analysts and journalists in Toronto's elegant King Edward Hotel was straightforward: Nova's profits for 1988 are expected to be sharply less than forecast. As well, he announced plans to auction off four subsidiaries to help pay the \$20 billion in debt that Nova owes to lenders over Polymer Energy & Chemical Corp. in 1988. Blair added that:

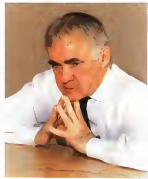
Nova's remaining petrochemical and oil and gas businesses should translate into "rising asset value, earnings growth and dividend growth." Despite that reassuring message, Blair's statement sent Nova's stock price below \$10 for the first time since 1987, before it recovered to \$15 1/2 by week's end.

Nova's sell-off is a dramatic departure. In Blair, a corporate visionary whose appetite for acquisitions has transformed a small provincial natural-gas pipeline company into an international energy and petrochemical conglomerate. Last year's \$2.3-billion buy-out of Polymer was Blair's biggest prize and one of the largest energy takeovers in Canadian history. But last week's announcement may have been the first, tangible evidence that financing the Polymer purchase has gone according to plan. Still, Blair told investors that he had wanted to sell Nova assets well before the Polymer purchase—and that the company's \$20 billion debt remains to be sold. He added, "There's nothing about this company. The Polymer deal is with more debt than we had intended to build. But we will meet—and perhaps even exceed—our goal of cutting \$1 billion by year-end."

Even so, Blair had to auction off some assets to Nova to meet its end-of-year target. When Nova bought Polymer, petrochemical prices were soaring because of short supply and strong money. Nova executives say that at the time, they expected to increase Polymer cash flow by more than 50 per cent by a huge part of the debt from the takeover since it had been completed. The Polymer purchase was the main reason that cut income for the last quarter of 1988 jumped by 50 per cent from the same period during the previous year.

But Blair had to contend with a sharp drop in profits for polyethylene—used to make garbage bags and other plastic products—which Nova produces at its Delta, Alta., petrochemical plants 120 km north of Calgary. As a result, Nova officials now estimate that the company will make only \$370 million during 1988 instead of the \$460 million that they had forecast at the start of the year.

Blair said that he can raise as much as \$500 million by selling "nonessential assets." Off-



Blair: High debts and low prices are taking their toll

cially for sale are wholly owned subsidiaries Greer Industries, an Italian pig iron volume, and Nevada Resources Ltd., a Calgary-based oil and gas company. Also up for sale are Western Star Tractor Inc. and Trans-Quebec & Maritime Pipeline Inc., which are both 50-per-cent owned. Blair: "These are good assets that they are businesses which have got been growing." Nova officials say that they hope to have buyers by year-end. Blair said that if sales cannot be made, Nova could sell at \$1-billion loss of credit to reduce its debt load.

Still, Blair withheld Nova's 43-per-cent stake in Husky Oil Ltd., partly owned with Indus-

trial King Enterprise Co. Ltd., and set for sale. At the same time, Blair did not rule out further smaller acquisitions if tempting to his emerge. Blair said: "We will continue to be aggressive."

Blair's decision to reduce Nova's debt should strengthen the company by making it a constraint on its core petrochemical, pipeline and oil and gas assets. Although petrochemical prices have weakened recently, the outlook for the natural gas business remains bright—particularly as U.S. demand for Canadian gas continues to grow.

Stinson, which plans to spend \$3 billion to expand its Alberta natural-gas pipeline project over the next six years, could be a prime beneficiary of the increase in U.S. gas consumption. Said David Stinson, an analyst with Montreal-based Livnagat Inc., "The price will be a premium."

Company with lower petrochemical businesses. And investors like pure companies.

Members of the investment community generally trust Blair, who has had a number of dramatic increases as the chairman of Nova. Since taking over at the Calgary firm in 1979, the Trans-Canada chemical engineer who was educated at Queen's University in Kingston, later gained control of a 55-share position in Blair by 1981 after manufacturing Petro-Canada chairman William Hopper in 1978. While Hopper was negotiating with Blair's cousin, the Hudson family of Calgary, Blair purchased 20 per cent of the company's stock from New York City investment dealers.

But Blair suffered setbacks. Nova was severely dented by the acquisition of the early 1980s. It was used to its pipeline and petrochemical revenues.

A year ago, Nova's bid for Polymer triggered one of the most aggressive takeover bids in Canadian business history. Nova started by purchasing in the company back in 1987 after the federal government decided to privatize Polymer—formerly a part of the Canadian Development Corp. But Blair soon became involved in buying the company and its successor Sarco, Ltd., which plans to build the country's new a strong one. Polymer earned some several different bids by Nova before accepting a price of \$20.21 a share—50 per cent more from the original offer of \$14—making the latter eight months fight. Said Blair: "We paid a high price for the company. But we are happy about what it will do to the company." Now, the Calgary businessman must prove that he knows how to sell assets as well as buy them.

JOHN DALY

Showcasing Canada

A museum takes a modern approach to the past

For 16 years, Canada's \$1 bills have presented Canadians with a view of the beloved Parliament Buildings from across the Ottawa River. As luck would have it, the paper dollar started to go out of circulation this month—to be replaced by the dollar coin—just as Parliament Hill acquired a dramatic new frame on the Hill, Que., side of the river. There, two stories, covering stone facades of the Canadian Museum of Civilization now bracket Parliament's apices. Formerly known as the National Museum of Man, and housed in a cramped, 19th-century building across the river in central Ottawa, the institution officially reopened last week in its handsome new quarters, becoming the nation's newest, largest and most expensive museum. Although its architecture recalls last museum model through the use of glass and granite, the museum's approach to showcasing artifacts of Canada's cultural heritage is thoroughly modern: interactive and video technology have joined forces with theme park-style historical reconstructions. Declared Minister George MacDonell: "It is time to look through the window into the information age."

The new museum, spread across 34 acres of a former pulp mill site, is also the focus of controversy and criticism. Announced in 1982 at the same time as Ottawa's National Gallery,

which opened last year, the museum opened two years behind schedule and with less than half of its exhibits in place. The cost of the project, which was initially allotted as \$40 million budget, has risen steeply. To date, \$147 million has been spent on construction. A further \$110 million has been paid for the installation of the museum's permanent collections and other expenses. At the same time, some members of Canada's traditionally conservative museum community have complained that MacDonell's approach to the museum places more emphasis on entertainment than on learning.

But the prevailing mood at the museum's June 29 opening was one of spirited optimism. Canada's blessed is online conventional park disoriented on the Ottawa River bank, and displays with rainbow-colored periscopes drilled down onto the museum's plaza. Addressing the assembled throng, Prime Minister Brian Mulroney observed: "The crowds that have woven our history and our national personality converge in a remarkable fashion on this very site here today." The only blot on the festiveness was that not all of the displays that were supposed to have been completed were actually ready: workers in hard hats were still scrambling to put the finishing touches on some sites. Still, the museum's attractions, which include a collection of West Coast totem



poles as a hall that is larger than a football field, re-creations of an 18th-century town square in New France and other life-size historical reconstructions, were underlined by speakers.

Besides the dramatic displays housed inside it, the museum's principal attractions include its two boldly sculpted buildings—the domed, copper-clad exhibition wing and the green-

The Grand Hall complains that there is more emphasis on entertainment than on learning

ful, multi-tiered cultural wing. The buildings, which are sheathed in worn-lead Tyrolite insulation from Manitoba, were designed by Alberta architect Douglas Cardinal, 56. Cardinal says that the buildings reflect his fascination with carrom, organic forms—and his rejection of the right-angled, linear forms that have dominated 20th-century architecture. Seel Gervasi, a 48-year-old architect with the museum, says: "With the museum, I wanted to say: Why are we turning in Europe for our style? Why not be inspired by the land and the people here?"

The striking new museum seems destined to attract visitors. Almost immediately after announcing the exhibition wing, museum goers had throngs overlooking the vast expanse of the Grand Hall, the most showstopping space in the complex. In front of the tower, poles in an elliptical glass wall, nearly 50 feet high. Reproduced in a huge arena behind the museum is a photograph of the coastal scene, which museum officials say is the largest color photograph in the world.

Staircases lead down into the hall itself, where reproductions of six traditional Pacific Coast Indian houses, each one representing a different cultural group, frame the lower poles. Designed to resemble a coastal area, the hall takes visitors to a display that rivals Disneyland at the water's edge, a mechanical model of a salmon stranded on the shore at low tide periodically flips its tail. The exhibition also features the scale of fantasy. At times, animated versions of Indian myths are projected

into the scene, suggesting the close relationship between the legends and nature.

A similar approach dominates the History Hall, where visitors can walk through nearly 1,000 years of Canada's past. Each time they round a corner, museum-goers arrive in a different, life-size, historical setting, ranging from the hall of a 16th-century Beagle whaling ship to a late 19th-century steamship in small-town Ontario. Visitors also will encounter animated perfor-

Cardinal inspiration



museums, where young visitors will be able to dress up as characters from around the world and participate in craft workshops, most of the completed museum areas are devoted to changing exhibitions. The current offerings include a large, multimedia display on the lives of Chinese-Canadian and a gallery of works by contemporary Canadian Indian and Inuit artists. The museum also has a 200-seat guest-screen movie theatre, the only one in the world equipped with both a flat, 62-foot-high screen and a curving omnimax screen that surrounds viewers.

Originally, organizers had planned to open with the premiere of *The First Emperor of China*, a \$6.5-million coproduction by the museum, the National Film Board of Canada and China's Xifan Film Studio. But the federal ministry of external affairs and the department of communications elected not to show the film at a special June 27 gala screening: the government, 63, that the movie, which deals with Qin Shihuang, the ruler who first united China, nearly 2,240 years ago, was too sensitive in light of the recent political turmoil in China. Museum officials agreed to show a film on Canadian history, the opening weekend instead, and premiere *The First Emperor* on July 4.

Some outside critics question whether too much technology will get in the way of the museum's educational function. Michael Auer, director of the Museum of Anthropology at the University of British Columbia, said that the institution could become too much like a world's fair, where the land of information აღწერ is reduced to "easy museum and quick facts." Andre Arnes, "My idea of a museum is a place you think about, don't you? You learn there." For their part, museum officials brushed aside the criticism, expressing confidence that the museum's distinctive architecture and dramatic exhibits will help to make it the nation's most attractive in the National Capital Region this summer.

PAMELA YOUNG in Ottawa with KANDY FISHER

Exterior views of the museum's computer and video technology join forces with theme park-style historical reconstructions



Anger on the Island

A dispute flares over Anne of Green Gables

Lucy Maud Montgomery once said of her fictional "Island of the Blue Mountains": "I hope this little island is better than any place on earth." But she did not live it enough to stay. On July 5, 1941—three years after a Boston firm published *Anne of Green Gables*, the best-known of Montgomery's 42 books—she married a Privy Council member, Ewen Macdonald, and moved to Ontario. Now, the agent for her Toronto-area descendants and her native province are quarrelling over who is entitled to manufacture and sell Anne of Green Gables merchandise—everything from dolls to soap—aboard the island.

Last year alone, the 600,000 tourists who visited the island paid \$6.5 million for their stays. And last week, an select crowd flocked to Charlottetown's Confederation Centre of the Arts for the 25th issue of the annual based on the book. Islanders were up in arms over an Ontario firm's effort to claim a share of the proceeds from the sale of artifacts bearing the name of the island's famous fictional daughter.

The dispute has had a tangled history since it started at the beginning of the century. Montgomery, who was born in Clifton, P.E.I., in 1874, began writing *Anne of Green Gables*—the story of a 11-year-old orphaned orphan—in 1904. Five publishers rejected the book but, two years later, Montgomery sent a manuscript to a desk drawer and sent it to a Boston publishing firm of L. C. Page and Co., which published it. Since then, the book has sold millions of copies worldwide and has been translated into 37 languages.

Montgomery died in Toronto in 1942—but the fate of her literary offspring continued to grow. In 1965, the Norman Campbell and Denise Myerle musical presented at Charlottetown and became an international hit, touring Canada before opening in New York City to critical acclaim. Among the early sponsors a P.E.I.-based crafts and souvenir industry that for more than 30 years has been producing as many as 400 products, including T-shirts, dolls, books, coffee cups and figurines.

Montgomery's estate—led by her son-in-law, Rich Macdonald, a retired Toronto nurse, and grandson David Macdonald a Boston, Ont., guide-school principal—was claiming that the Islanders do not have the right to commercially exploit their ancestor's creation. In July,

1988, the Macdonalds signed a 35-page agreement with Anne's descendants, Inc., a Richmond, B.C., publishing and giftware company named after Anne's fictional Island village. The deal gave Anne's, in return for trademark royalties, "exclusive licensing rights to all products, events and services" based on Montgomery's books, except for rights to the musical, the 1960 movie and to the

encouragement. Duplex Large, a potter and member of the P.E.I. Craft Council, accused Anne's descendants of trying to "contract money from 'poor, lovely little people who hardly make enough to cover their materials.'" She said that the would not sign a contract with Anne's, nor would she pay royalties to Anne's for the sale of her Anne figurines. Anne's president, Kathryn Gallagher, suggested that the P.E.I. government itself may have violated the copyright owned by Montgomery's heirs when it registered the trademark "Anne of the Island" in 1965. The trademark now appears on a variety of locally produced jams and greeting cards. Declared Gordon Campbell, a lawyer for the provincial government: "We dispute Anne's claim that they are the sole licensors of Anne products."

For its part, Anne's demanded that Islanders stop making Anne artifacts without Anne's approval and pay a five per cent royalty on sales—10 per cent of which would go to the



A tangled history: Megan Follows stars as Anne in the 1987 television production

publication of the books themselves.

Control boiled up when Anne's sister joined to P.E.I. retailers, many of whom are also cashless. The letters demanded that they formally apply to Anne's, seeking a license for the use of Anne's name and of her work, for approval to continue doing what she had been doing for two decades. Island craftsmen and officials of Parents for Our's Liberal government sued Montgomery on June 30. Conversely, Services Minister Louise Bennett told reporters that if Anne's took legal steps to prevent local residents from making dolls or to have them to pay royalties, the government would defend them in court. Then last week, Bennett told the legislature that he had encouraged Islanders not to honor demands for royalties. Said Anne's product manager Les Goble: "I can't believe it. The P.E.I. government is encouraging its people to break the law."

The Island community apparently sided with

Macdonald. Gallagher said that the company did not want to go to court and hoped that a powerful institution like the legislature could be negotiated. The town, she insisted, "are not as it for the money." She was concerned with protecting Anne's image by ensuring that artifacts bearing her name were of high quality and that they were Canadian-made.

Artists, manufacturers and retailers have formed a group called Friends of Anne to support the estimated 20 producers of artifacts who appear to be affected by the copyright dispute. Meanwhile, potter Large said that the Island residents still respect Anne's demands and continue to sell their products—a decision that could set the stage for a better legal battle over who should benefit from the legacy of the imaginary Anne.

RAE CORRELL with BARBARA McPHERSON in Charlottetown



Colgate testifying that native girls are "tender" and less likely to complain

JUSTICE

Unhealed wounds

A northern community relives a tragedy

For residents of the northern Manitoba community of The Pas, questions about the slaying of Cree teenager Sherry Colgate 18 years ago have reopened painful wounds. Last month, the provincial inquiry into how native law in the justice system began to unravel the circumstances surrounding the 1971 killing said the 1987 trial of two men charged with murder. Three circumstances include claims that many local residents knew who the killers were, but not seeking because the men were white. Last week, Colgate, 35—now one of the four men who were present at the 18-year-old woman's murder—offered details.

Over two days, Colgate admitted that he had, in 1971, told the police that he was in a crowd, but he denied the 1987 trial to protect a friend, and he added that the murder would likely not have occurred if Colgate had been white. Colgate told the inquiry that on the fatal evening in 1971, the four men decided to go to a pub to get beer because they considered him to be "white" and less likely to complain than a white girl.

Concern over why it took nine officers 16 years to lay charges in the Osborne murder helped to spark the provincial inquiry. For the past six months, Judge Alan Blais and the Court of Queen's Bench and Chief Judge Murray Sinclair, Manitoba's first native judge, have

travelled across the province and received more than 600 submissions, many of them describing incidents of alleged racism and discrimination. In June, the inquiry was abruptly halted after an Appeal Court judge in Winnipeg ruled that the commission, having begun standing because the order-in-council that established it was passed only in English. The Manitoba legislature quickly passed legislation in both languages to extend the oversight, and a week later, the commissioners returned to The Pas.

During the current round of testimony, former killer officers denied that Colgate's race had anything to do with the delay in solving the case. But police testimony admitted that the investigation had been flawed. The inquiry was told that police technicians took poor-quality photographs at the murder scene, while officers failed to have the proper identification equipment at the site. In addition, police failed to follow up on the car that was used in the murder—even though they had left foot of the car and less likely to complain than a white girl.

Local Sheriff Gerald Wilson also testified last week that the RCMP may have known the suspects involved as early as a few days after Colgate's death. Wilson—who does not have the authority to make a formal arrest—said

that RCMP officer Kevin Duncan treated him within days of the murder and told him the names of the men. A report prepared in 1987 by Chief Provincial Sheriff A. J. Wilson and that their identities were "widely known in The Pas within a few weeks" after lawyer Craig Henderson responded that if the men were known, it would have made no sense for the investigation to proceed the way it did. But until Wilson came forward in 1986 with the information, RCMP officers did not have enough evidence to lay charges against Colgate.

For his part, Colgate provided details of the events that led to the systematic killing. On Nov. 12, 1971, said Colgate, then 17, he borrowed his father's car, picked up three friends—James Houghton, Duane Johnston and Norman Manger—and drove around town, drinking and looking for a native girl. Colgate said that they spotted Colgate on the street, forced her into the car, then drove 30 km north to Charlevoix Lake. The next day, a 14-year-old boy who was not driving found the girl's body, mutilated body. Police reported that Colgate had been sexually assaulted and stuffed 300 francs with a screwdriver. Her face had also been kicked.

Colgate, who testified during the 1987 trial in exchange for immunity from prosecution, admitted last week that he had lied during the trial to protect Houghton, who was accused of first-degree murder charges. "Did you say any color or shade your clothes in front of Mr. Houghton?" asked inquiry member Randy McDonald. Replied Colgate: "I wanted him to look good. Yes." Manger, who claimed he was too drunk to remember anything on the night of the killing, was never charged. Only one of the four men, Duane Johnston, was found guilty—of second-degree murder—and sentenced to life imprisonment with no chance of parole for 10 years. He is serving his sentence at Saskatchewan's Prince Albert Penitentiary.

The inquiry also looked into whether the police had harshly treated Indians involved in the murder. Colgate's native boyfriend, 35-year-old Cornelius Houghton, told the judge that in 1971 officers interrogated him under bright lights and forced him to look at pictures of Colgate's body. Colgate's best friend, Andrew Duncan, told the inquiry that she was picked up after the murder by officers who were not clearly identifying her, drove to a remote area and questioned about the death. "They get very aggressive with me," she testified. "They started pushing me around. At one point, I ended up on the back of the car."

Several residents of The Pas said that few knew people approved of the way that their community has been portrayed during the inquiry. Bill Goble, a local, chief of The Pas band, said that he hoped that the inquiry would have a positive effect. "There are a lot of people who are angry about what happened," he said, "and it is to be better and to be a man and for all." Perhaps only time will tell the wounds have been healed for 18 years finally begin to heal.

STELLA UNDERWOOD with JACQUES BERGAMANN in Winnipeg

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SPORTS

Troubled times

Evidence continues to mount against Pete Rose

Ever since moments early this year first indicted Pete Rose to illegal gambling offences, the Cincinnati Reds' manager has been steadily denied any wrongdoing. But last week, as his lawyers fought an intricate legal battle with baseball commissioner A. Bartley Giamatti, Rose's future looked increasingly bleak. According to a 325-page report written by John Dowd, a special investigator appointed by Giamatti, Rose made large bets on baseball and basketball games—and during a three-month period in 1987, he paid up a \$400,000 debt with a New York City bookmaker. The seven volumes of statistics that accompanied Dowd's report contained other serious accusations. Paul Janusz, a convicted hit-writer who claims that he placed bets for Rose, told investigators that Rose once said he would "think about throwing" a baseball game if he had enough money bet on it.

The latest allegations became public as Rose's lawyers won a major victory in their campaign to prevent Giamatti from conducting a hearing into the charges against the former power hitter. At the same time, these new allegations that Rose, one point, was interested in setting up a cocaine-dealing ring, and there was suspicion that he may have did so, added the controversy. Rose—who as his 23 seasons in a major-league player set a still-standing record of 4,254 hits—could face a lifetime suspension from professional baseball if he is found to have bet on games involving his own team.

The legal battle began on June 25 when an Ohio county court judge issued a 14-day restraining order that prevented Giamatti from holding a hearing. Judge Nathaniel A. Nadel of Cincinnati ruled that Giamatti had prejudged the Rose case and that a hearing would be "preposterous." For their part, Giamatti's lawyers claimed that Nadel's decision threatened professional baseball's ability to regulate its own affairs—and they applied to the First Ohio District Court of Appeals for the restraining order to be lifted. Last week, that court said it had no authority to lift the order. Meanwhile, Rose's lawyers planned to go before Nadel

again this week with a request for an injunction that would indefinitely prevent Giamatti from hearing the charges against Rose.

Rose could lose crutches from another source. A federal grand jury in Cincinnati is contemplating whether his law partners for some years were in on the deal. Dowd's report said that Rose concealed income from his over-the-odds winnings and from other sources. And last week, Rose's former attorney, the former girlfriend of a Rose associate, told reporters



Rose: steadfast denial of any wrongdoing

that she had provided corroborative for a claim in the Dowd report. She said that in 1987, Rose assigned to cover up a \$47,848 race-track win—an action that could result in charges of conspiracy to defraud the government.

In still another allegation against Rose, Janusz was quoted in a transcript accompanying the Dowd report as saying that Rose once asked him to set up a cocaine-dealing ring so that he could earn a share of the profits. The associate was bitterly rejected by Rose's lawyer, Robert A. Prosen Jr., who told reporters that the "tale of Rose being involved with drugs is as far off the wall that it is ridiculous." Still, with the evidence against him mounting, it seemed likely that the man who used to be known as Charlie Hustle would face an inevitable day of reckoning.

MARK NICHOLS

PEOPLE

A good impression

In her latest movie, she does little more than lie in bed and let her eyelashes, her British accent. *Fanny Knave* says that her role could make her a Hollywood star. The London resident added that playing a naive secretary who seduces cartoon *Mel Gibson* in the movie *Letter to Wrigley* is—to be released on July 7—is a good way to accept



Knave: the seductive secretary

America's audiences. Knave has been acting since the age of 4, but she remains best known at home as a pop star. Her newly released first album, recorded with her group, The English Washer, has already sold more than 200,000 copies in Europe. Still, somewhat-educated Knave said that she wants to be recognized as an actress so that she can fulfill her greatest career ambition—"I would love to play *Jane of Arc*."

Plunging into deep, dark work

According to his weary cast, Coedlines director James Cameron is a hard man to work for. For his latest \$48-million adventure movie, *The Abyss*—to be released in August—Cameron insisted that actors spend as much as 10

hours daily in cold, deep water. "You can't comprehend how difficult it is to work on a Cameron movie," said actor Michael Biehn, 33, who also starred in Cameron's 1984 popular horror movie *Alien*. Much of *The Abyss* was shot in a pool filled with 7.5 million gallons of cold water and oxygen. Cameron insists that



acted with a black tarpaulin. The cast stayed submerged for long periods because Cameron made the sound engineers record all dialogue underwater. Said Cameron, 45, of the four-month shoot: "There was a direct conflict between my desire to do the best possible scene and my terror that someone might get hurt."



Tough to follow

Pop singer Kasey Rogers Jr. says that being the son of a country music star is hard for him. "It's hard to get people to listen to my music objectively," he said. "They want my songs to sound like one of Kasey Rogers' big hits." The Los Angeles-based 25-year-old, who recently released his debut pop album, *You're My*, added, "I admire my father, but it's more tough when people in the music business only want to talk to me about my dad."

Rogers: people want music like Dad's

ROMEO, ROMEO, LEARN FRENCH

In a romantic but tough clash between cultures, English and French actors are fighting onstage in *Shakespeare in Paris*. Theatre director Gordon McCall and Quebec artistic director Robert LePage orchestrated the conflict to fuel the tension in this new bilingual version of Shakespeare's *Romeo and Juliet*, which opened last week. But offstage, McCall said that the English-speaking actors who play Romeo's family and thosephones who play Juliet's have become friends. Added McCall: "What's truly amazing is that there's not even heading between Robert and me."

Sweet spice

Quebec pop star Véronique Viquiera says that many of her fans sound-obsessed for. "Because I'm attractive, people think I'm irresistible," she said. The singer added that her work allows her to escape—due for release on July 23—is this a "soft" sound that may carry wrong impressions. Viquiera, 34, said that the record bears the impact of a "sweet" producer, Richard Carpenter—a member of the pop group The Carpenters from 1969 until his death, cancer. Viquiera, said a 30-21 of carbon-13 of 22, added: "I want a sexy image. But I also want to show friendliness."



Reflexes: "irresistible"

Keith Dinsdale, *Prayerbook as Drama: Rehearsed (theatrical) as Shylock's confidence*

THEATRE

A summer triumph

Stratford's Festival surmounts hard times

[illegible]

The man most responsible for Stronoff's financial turnaround is 64-year-old Neville, who is stepping down this year to make way for a new artistic director, David Williams. Born in New York, who came to Canada in 1973, told *Maclean's* that he is weary from managing the 10-month festival, with its \$17-million plus annual budget and 700 employees. Neville, who has also directed and acted in several Stronoff productions, said "I was putting in very long days, from 7:30 in the morning until 4 at night, not to mention performing and directing the musicals. I was certainly fearful of being able to carry on at that pace."¹⁸

Norris says that he plans to do nothing for a while after his term expires on Oct. 31. He has certainly earned a rest. When he took over as 1986 as Stratford's seventh artistic director—he had directed Edmonton's Citadel Theatre (1973-1978) and the Niagara Theatre in Hamilton.

(1978-1983)—the festival was staggering under an accumulated deficit of \$4.3 million, mainly as a result of overspending on productions during the regimens of Robas Phillips and John Hirsch. Nevertheless, successfully worked to restore morale, and also scuttled—with the backing of an aggressively cost-conscious board of governors headed by Toronto businessman Murray Frum—that Sklaroff's shows be mounted on, or under, budget.

Some of his other decisions proved controversial, particularly his transfer of the festival to a popular and highly profitable venue from the 1,100-seat Avon Theatre to the 2,800-seat Festival Theatre. Of the 500-seat Third Stage, used for Young Company productions, complete-

That change made sense financially, but led to charges that Neville was compromising Stanford's dedication to the classics. Douglas Campbell, a Stanford faculty member for 38 years, says that he was outraged by Neville's rejection of two requests in the 1985 season

"It reflects the fact that economic arguments, not artistic ones, have come to dominate the industry," he said. "Just look at the programs Stratford hands out. They used to feature pictures of the actors—now they are full of photos of the sponsors, of businessmen." Not least, company member Debbie Scoble remembers that success at the box office has helped the company. "When the actors leave the theatre is doing well financially," she said, "it makes them feel more confident in their work."

Since Neville's arrival, festival box-office revenues have soared to \$13.5 million in 1988 from \$6.8 million in 1985—the year before he took over. Much of that increase is due to the growing popularity of the pop—Stevie Nicks' box ticket is now \$30-\$50, up from \$10 in 1985. Ditto, because Neville increased the number of performances and made a concerted effort to bring a more true-gospel audience, total attendance has risen to 535,000 last year from 437,000 in 1986. As well, corporate fund-raising has contributed to \$2 million last year from \$400,000 in 1985.

Around Strithed, a farm-
buck market centre that straddles
the tranquil Aonon River,
merchants and ordinary citizens
readily praise Neville for
his role in restoring an industry
that opened in a moment

1993, and now brings in an estimated \$70 million each year to local restaurants, shops and other businesses. But ironically, the treasure has won only modest revenues. He was widely praised for his daring decision in 1986 to stage some of Shakespeare's more difficult and lesser-known plays. And a few of the shows that emerged under his stewardship, including last year's staging of Shakespeare's *The Taming of the Shrew*, rank among some of the best that Stratford has ever offered. But many other productions have been derailed by critics as mediocre and unorthodox, leaving some observers to remark that the institution is

There have been other storms. Last year when Streiford announced that Shakespeare's *The Merchant of Venice* would be on the 1688 playlist, the Canadian Jewish Congress (CJC) asked the festival to hold seminars for its student audiences on Shakespeare's characterization of the Jewish moneylender Shylock, which reflects the anti-Semitism that was rife in Europe in Shakespeare's time. The organization feared a repetition of a 1984 incident at which some children who were part of a school audience at the same play threw stones at a group of Jewish students. Then, before the

as Nevills directed the production, and he has staged the play against Debra Benson's delicate white art—a startling but successful plot that works as a foil to the drama's masculinity. Among an impressive cast, Lucy Peacock is riveting as Masha, one of those Princesse d'Heckelmans waiting under the beauty of their loss. Her silences are time bombs packed with a lifetime's resentment.

Standard also has done well by that old war horse of the Shakespearean reimagery, *Othello*. It gives green and teal light life by director John Wood. Gerard Way (*Deadman*) stars as director of symphony orchestra, a nobleman who, if he's been engaged in a passionate sexual struggle to become both a human knight and a monstrous warrior. But, unfortunately, the Scotland Company fails to rise to the same level in its other Shakespearean reimaginings. *Titus Andronicus* is its shoddiest version, as Adam Scott (*Mr. Nighty Night*) shows, which is full of confused and unexplained reimagining. The same problem plagues the double-bill of *Titus Andronicus* and *The Taming of the Shrew*. In *Othello*, the two plays are each seen for 50 to 90 per cent, leaving them with about as much of their original resonance as *Glenn Close* came book versions. On the whole, Standard does better with the 19th-century, and the 20th-century, than the 16th-century. *Macbeth* and *Poetry of the Slave* is 1984 reworking of *The Tempest of the Slave*. The singers do an adequate job with each but the director as *Pharos*—but the new showstopper are the choreographers. The dancing is the deepest statement of Dick Aykroyd.

Three major productions have put to rest the *Shakespeare* mythology by Shakespeare contemporary Theatre in Detroit, opening on July 29, is the *Vandenberg's Secretaries*, co-written by the playwright, beginning on July 28, and *Shakespeare's Cat on a Hot Tin Roof*, debuting on Aug. 25. And now, Stratford-watching, touring them all over to the future planned of the new artistic director, David Wilson. Born in England, Wilson, 63, is a director of international stature who became a naturalized citizen in Canada in 1985 — and has already managed about a dozen productions at Stratford. He told *Newsweek* that he would like to establish a Toronto theatre season for the company.

"Ries, I'd like to go away from doing the usual *Midwinter* and *Christmas*," he added.

"Shakespeare will always be our mainstay, but there are so many other wonderful plays—European and American—that have never been done here." But it remains to be seen how Mr. Wilkes will be allowed to go on establishing a more adventurous repertory—with all the financial risk that such a move would imply. Stratford's former troubles—and John Neddle's triumph over them—mean that, in the future, any artistic director will be expected to keep one eye firmly on the bottom line.

JOHN BROWNE*



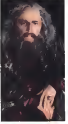
Wingt was at the centre of one of the most infamous scenes in *Neville's End* (see *The*

and a number of other lead actors, including Sidney Poitier and Nancy Fale of the Young Company and Douglas Campbell of the main stage company, were not offered parts for the 1968 season. As well, Strickland's most renowned actor, William Hurt, was offered small roles that he declined—like Wright—to join the *Real Live Show* in *Nagras-on-the-Lake*. Dr. Wright told Malachuk that she was "fascinated by Neville's action and 'very hurt'." For his part, Neville said that he had great admiration for Wright's talents, but that he was not just "witness of her stature." He also said that several other Strickland ensembles who did not return, including actors Colin Firth and director Robin Phillips, who headed Strickland's Young Company last year, were

current season opened, there was public outcry over what proved to be erroneous reports that the CIC was pressuring the festival to censor the play. Director Michael Langham did cut a line and a half from the play—in which Glyndwr is fated to become a Chastity—but he says that he made the deletion solely for artistic

Langham's stridency with *Mischke* involves far more than the burning of Jews. Langham, who won the festival's artistic director from 1966 to 1987, has infused his production with a wrath and vituperation that overflow the stage. Thus Medford is particularly measurable as Shleky, who tries to take a pound of flesh from the body of the overboard Anneke (superbly played by Nicholas Pennell) in lieu of an unpaid debt. He Shleky is a complicated, truly real creation, capable of evil but also of striking a poignant note of humanity in a famous speech about his fellow Jews—"If you knock us, do we not bleed?"

Competing with *The Merchant* as the best of Bradford's current offerings is *Three Sisters*, Cheek's comedy about life in provincial Rus-





The real meaning of scandal

BY ALLAN FOTHERINGHAM

There may be hope for the nation after all. There may be some salvation beneath all the gloom. Things may not be as black as painted. Since Confederation, the country has been consumed by the corruption that the big powers, Ontario, Quebec, and for John A. venerated Canada under the National Policy so that Ontario would be protected by a tariff wall, the rest of the land being mere suppliers of cheap resources.

There is now a breakthrough, some proof that Ontario is not all that corrupted and corrupt or so had been assumed. This extraordinary revelation comes with the news that the nation prevails—Toronto, especially—in quelling at the edge of collapse because of Peter Sturz and a free fringe.

One is astounded that a smooth-tongued majority government, one he claims is six hours by a social-climber housewife and a grain Westchester, but that's the facts those days in the province that we once thought of as the heart of civilization and knowledge. I guess we'll have to rethink our thinking.

The story so far is that Peter Sturz, an unknown to the general public a month ago has emerged as a general bodybuilder who has become David Peterson back on his heels. Peter, it seems, liked to get ahead and use his name when the Liberals—starting in the wilderness since 1943—finally achieved power in 1995.

Peter, it now turns out, while in charge of a nice Jewish ladies' charity fund, was secretly spending off some of the money to various politicians—Liberals, Conservatives, federal cabinet members, wherever might be useful. This, unfortunately, is against the law. When this came out, Peter, who had been named chairman of Ontario Place by the Peterson regime, suddenly did a disappearing act and was suddenly become the Typhoid Mary of Toronto.

Peter had become close political buddies of the three Del Zotto brothers, sons of an once great developer and now very wealthy dealer queen Gordon Ashworth, meanwhile, a thin



cent business type who grew up in the British Columbia Liberal party when it could have held its annual convention in a Volkswagen van, had revealed his Peter Principle as chief node and gateway dispenser in the Peterson office. When it was revealed that Ashworth—Liberals' silent—had accepted a free refrigerator and a part job on his home from a suddenly silent Del Zotto brother, covering the government Peter it was as if the world had ended in wealthy Toronto.

Then it was that there was hope. It was the No. 1 city in the land had discovered me. There was a sudden loss of memory about the past 40-year reign of the Ontario Conservatives—the long run by any government in the world outside Belgium. The Tories, through Linda Frost to John Roberts to Bill Davis were well favoured by their business friends, who were treated well when it came to contracts and concessions.

Peter Longford and his Conservatives were kept in power by the generosity of the Alberta oil and gas interests, who benefited so much from the relevant provincial legislation. There is no great secret that Bill Vander Zanden's rise to the leadership of the Social Credit party was financed by a prominent British Columbia developer.

We do not even have to get into the dirty tale of politics in Quebec, which have been based on patronage since Adam was a pup. A number of people got their donations mysteriously gained in Nova Scotia just before elections, and recent prosecutions have shown that the old custom of bribes of cash on election day is return for a wide still possible.

The reason the Brian Mulroney Conservatives are being so embarrassed at all their ongoing scandals is that they are just not very skilful at governing and hiding things—unlike the Liberals, who have run the country for most of this century and were accustomed to a clever disguising of where they got their campaign funds.

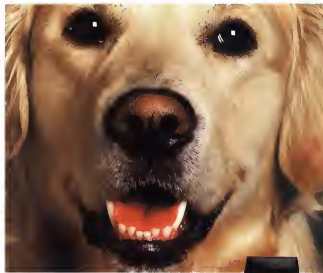
Compared to what his gene before, a nearly refrigerator and a touch upon a spent place were gifts. A scandal that amounts to perhaps \$1,000 is hardly worth the mere scandal. It is so trivial to the English language, considering what has gone before. Since Brian's wife was at least getting substantial loans, not a long fringe. Rick Cosentino, at least, had a little sex in it, and a house-painting job, which must be the least most bit of political kooky-punky ever devised.

The shock coming through Toronto cocktail parties at the moment is actually a fraction of scandal. The revelation of Bay Street are surprised that the present Liberals of David Peterson, only four years in power, are establishing some of the traits of the Conservatives at Quebec's Park, who knew that a surplus of campaign donations always preceded electoral success.

If Toronto can be shocked by this, it is not the anti-New York it appears to be. Both conservatism is worthy of a really big scam, a major disappearance of funds or a high party dysfunction during the country, as a major New York once had to do, not to mention a Vancouver police chief. The loyal voters don't mind on successful scandals (so far, except them), but they demand only one thing: spectacular details and juicy intrigues.

Belgiummen and house-painting don't supply those necessary ingredients. Peter Sturz and the Del Zotto and Gordon Ashworth aren't really interesting enough yet. Toronto must be going soft.

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